MANAPPURAM FINANCE LIMITED
Make Life Easy

Ref: Sec/SE/223/2021-22
September 10, 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: 531213	**National Stock Exchange of India Limited** 5th Floor, Exchange Plaza Bandra (East) Mumbai – 400 051 Scrip Code: MANAPPURAM

Sub: **Corrections in Annual Report along with details and explanations thereof**

Dear Sir/Madam

After a thorough vetting of Annual Report of our company we have come across miniscule changes in chronological order of top 10 shareholders of Manappuram Finance Limited in Page Number 134 of the Annual Report under the heading Corporate Governance Report. There is no change in the number of shares held and the percentage shareholding but change in chronology led to the change in names of shareholders against their correct shareholdings.

We hereby undertake to explain that this typographical error has happened inadvertently while preparing the annual report and the changes are nanoscopic in nature and carry no financial impact.

We hereby attach the Annual Report bearing the aforesaid changes for your kind reference and the addendum containing the earlier top ten shareholders and the top ten shareholders after incorporating the changes to the chronology.

This intimation is made in accordance with Regulation 34(1)(b) of SEBI (Listing Obligation and Disclsoure Requirements) 2015.

The revised annual report shall be available in the website of the company
https://www.manappuram.com/investors/notice-to-shareholders.html

Request you to take the same on record

For Manappuram Finance Limited

MANOJKUMAR V R

Digitally signed by MANOJKUMAR V R
DN: c=IN, o=Personal, title=3934,
pseudonym=3f7d8785d77fb57dd41384a01ace5999cb26a0cd22b7f334f205d40dbfb622b7,
postalCode=680581, st=Kerala,
serialNumber=ec0b07b2d06a85987aa84d48d23761b1c13f03d66989437cb6348bc1a592cc87,
cn=MANOJKUMAR V R
Date: 2021.09.10 14:49:20 +05'30'

Manoj Kumar V R
Company Secretary
FCS:5502

Before the changes

List of Top 10 Shareholders as on 31st March, 2021:

SL NO	NAME	No. of Shares held	No. of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares
1	NANDAKUMAR V P	24,36,72,171	24,36,72,171	28.79
2	QUINAG ACQUISITION (FPI) LTD	8,37,85,880	8,37,85,880	9.90
3	SUSHAMA NANDAKUMAR	4,93,39,330	4,93,39,330	5.83
4	BARCLAYS MERCHANT BANK (SINGAPORE) LIMIT	4,80,01,078	4,80,01,078	5.67
5	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	3,12,12,087	3,12,12,087	3.69
6	DSP SMALL CAP FUND	1,93,93,717	1,93,93,717	2.29
7	L AND T MUTUAL FUND TRUSTEE LTD-L AND T	1,65,21,482	1,65,21,482	1.95
8	DURO ONE INVESTMENTS LIMITED MID CAP FUND	1,45,20,525	1,45,20,525	1.72
9	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	1,26,58,480	1,26,58,480	1.50
10	BARING INDIA PRIVATE EQUITY FUND II LIMITED	1,20,77,965	1,20,77,965	1.42

The changes have been affected in the highlighted sections

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MANAPPURAM FINANCE LIMITED

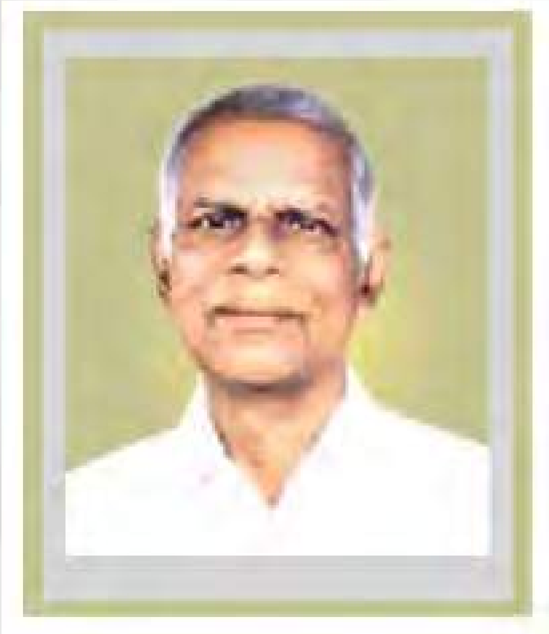
Make Life Easy

Innovating for the new normal

Annual Report 2020-21

- Online Gold Loan
- Doorstep Gold Loan
- Robotic Process Automation
- IoT based E-Security
- E-learning & Skill Development
- Paperless / Virtual Office

The man who started it all – Late Shri V. C. Padmanabhan



Shri V. C. Padmanabhan
(1916-1986)

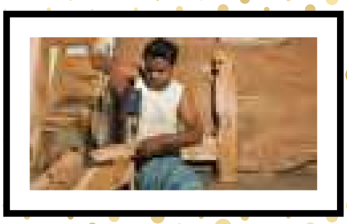
Shri V. C. Padmanabhan belonged to the coastal fishing village of Valapad in Malabar district of the erstwhile Madras Presidency. He was committed to uplifting the economically weaker sections of the society, particularly the farmers, fishermen and agricultural labourers in his community. In 1949, he decided to help the people of his village by setting up his own small business of providing loans against the security of jewellery at affordable rates to those who did not have the capacity to approach banks. Thus began the story of Manappuram Finance Limited (MAFIL).

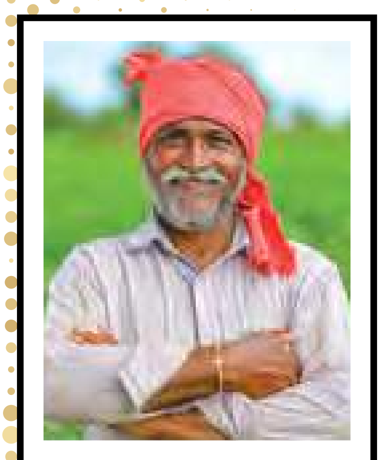
From then until now, the Company has won the trust of many a customers and has played a pivotal role in taking organised lending to underprivileged people.

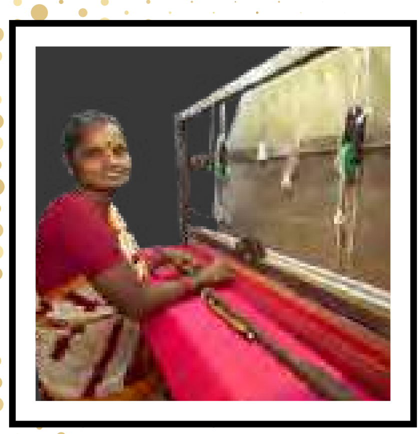
Driven by Shri Padmanabhan's values of trust and integrity, Manappuram Finance is transitioning to a full-fledged non-banking financial company (NBFC) that will continue to exceed customer expectations and help them fulfil their aspirations. Our core strengths of customer centricity, stakeholder integrity and quick adoption of top-notch technology for seamless operations will help us stay ahead of the curve.

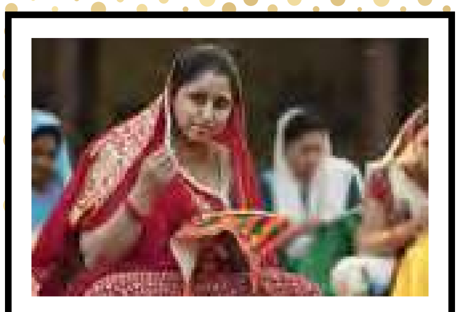
We will always look up to Shri Padmanabhan and stay true to his values for all our endeavours.

__Manappuram Finance__ is one of India's leading gold loan non-banking financial companies (NBFCs). We are dedicated to serving the financial needs of India's aspiring classes and introducing them to formal finance channels. With customer centricity and digitalisation at the core, we are leading by example and setting benchmarks in India's NBFC industry.







FY 2021 highlights

Assets under management (AUM)
7.9% y-o-y
₹ 272 billion

Gold loan AUM
12.4% y-o-y
₹ 191 billion

Net interest income
13.2% y-o-y
₹ 41,116 million

Profit after tax (PAT)**
16.5% y-o-y
₹ 17,249 million

Book value per share
26.6% y-o-y
₹86.93

Net profit: PAT [before other comprehensive income (OCI) and miscellaneous income (MI)]

Innovating for the new normal

The world as we know it has fundamentally changed over the last year. As people and businesses try to cope with the COVID-19 pandemic, the need to adapt is becoming increasingly important, and innovation is at the centre of this adaptation.

Innovating in the right and responsible manner – using technology to solve problems – can help us navigate the crises and adapt to the new world order.

At Manappuram Finance Limited (MAFIL), we understood the importance of innovating and evolving according to the changing times, even before the pandemic began. Technology was, and continues to be, deeply embedded in our processes and services.

During the pandemic, we further accelerated our innovation processes to adapt to the new normal:

- *We aggressively expanded the reach of our Online Goal Loan (OGL) product through an app, which made it easy for offline gold loan customers to convert to OGL, with all the attendant advantages*
- *We launched Doorstep gold loan; our executives visited customers, completed the requisite formalities and disbursed the loan on the spot*
- *We went paperless and leveraged the power of the digital.*
- *Our training platform went fully online through an in-house developed comprehensive learning management system.*

Our strong foundation in innovation made this transition comparatively easy for us and we continue to provide seamless services to our customers despite the hurdles that come up our way.

A glimpse of our scale

Presence

28 states and UTs

Household gold jewellery is safe with us

65 MT

Trusted legacy

29 years

#4 MFI-NBFC

Pioneer

In process innovation in gold loans

5.1 million

Customers served

#2 lender

In gold loans in India

Our many firsts

First NBFC in Kerala to receive a Certificate of Registration issued by the Reserve Bank of India (RBI)

First Kerala-based NBFC to receive investment from foreign institutional investors (FIIs) with the celebrated PE fund, Sequoia Capital, investing ₹ 700 million, along with Hudson Equity Holdings in 2007.

First NBFC in Kerala to obtain the highest short term credit rating of A1+ from ICRA

First Kerala-based NBFC to offer ESOPs (Employee Stock Option Plan) to our middle and senior management functionaries

One of the earliest to adopt the 'core banking' platform

First to come up with 'one-day interest' where borrowers have the option of settling a gold loan at their earliest convenience

First gold loan company to raise finance through the securitisation and assignment route in a tie-up with ICICI Bank

Strong foundations

The idea of Manappuram Finance stemmed from the intent of helping those less fortunate. Providing loans to those who didn't have access to banks became our purpose and the foundation on which the business was built. Over the years, we have achieved unparalleled growth – supported by our values of trust and integrity, unwavering focus on customers, technology advantage and a passionate and determined Board. With our solid foundation, we are ready to face challenges, make the most of opportunities and continue serving our customers.

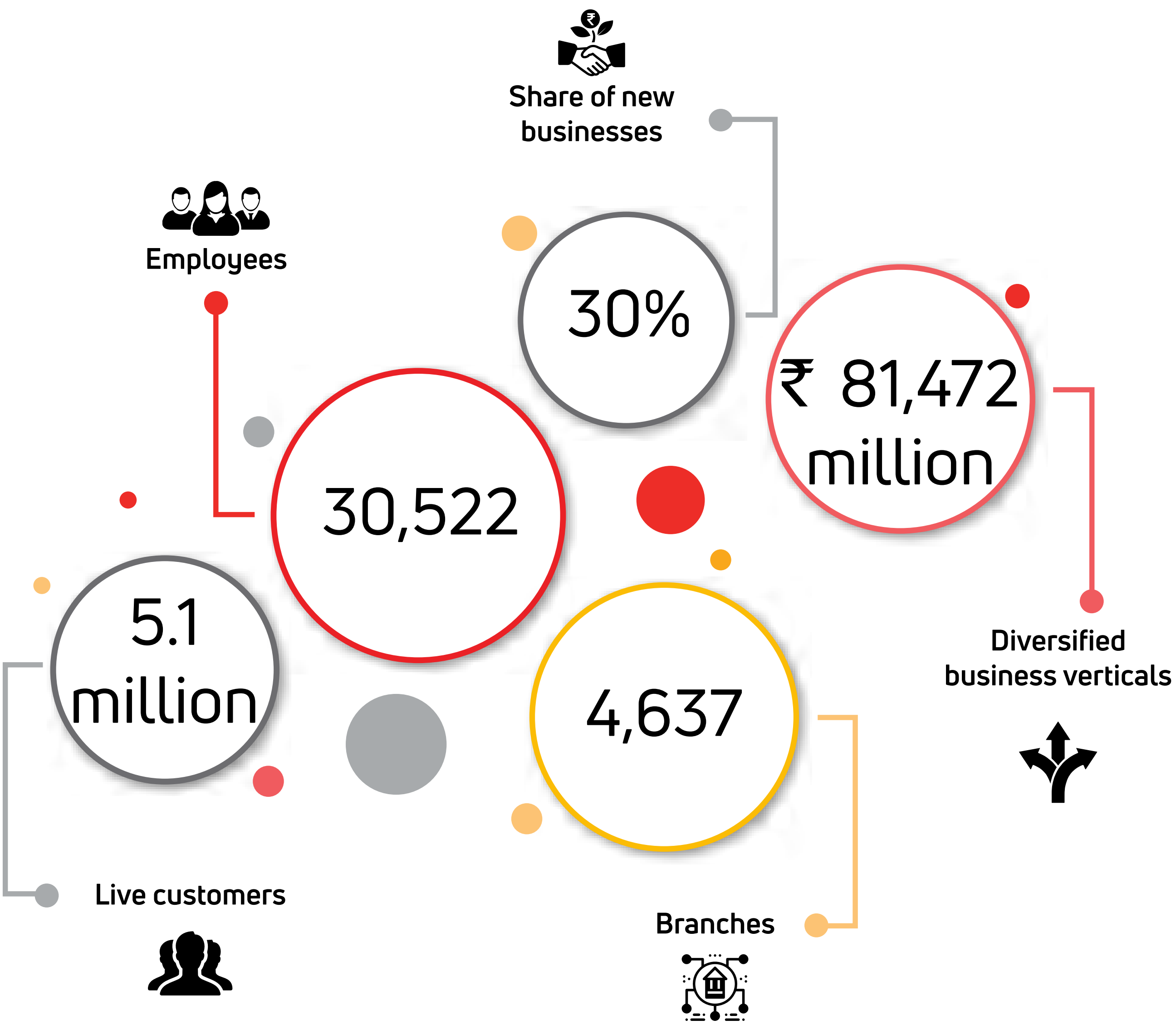
About Manappuram Finance

Committed to the financial well-being of our customers

The seeds of Manappuram Finance Limited (MAFIL) were sown in 1949 in the newly independent India when Shri V. C. Padmanabhan started offering small loans to the people of his village of Valapad. Many years later, MAFIL is one of India's leading gold loan NBFCs.

From a purely gold loan lending company to a diversified financial services provider, we have grown by leaps and bounds. With a strong and expanding national footprint, robust digital capabilities and skilled workforce, we cater to the financial needs of our customers and will continue to do so with renewed vigour.

On the back of our strong foundation and staunch determination, we weathered the uncertainties posed by the COVID-19 pandemic and provided seamless services to our customers in the new normal.



Vision

To become the preferred choice of financial services partner for India's aspiring classes, meeting the full range of their credit requirements, and helping India become a financially inclusive society where every citizen has ready access to formal channels of finance.

Mission

MAFIL is dedicated to the mission of bringing convenience to people's lives, to make life easy. We offer secured and unsecured credit to meet their varied financial needs, from instant gold loans available 24x7 and accessible even at the doorstep, to microfinance, affordable home loans, vehicle finance and more.

Values

Integrity

At MAFIL we value our reputation for integrity in our dealings. We set great store by ethical values and transparency. We take pride in following the laws of the land in letter and spirit.

Unrelenting customer focus

We treat our customers with the utmost fairness. No matter what their economic status is, we offer everyone prompt and courteous service, with high levels of transparency.

Cutting-edge technology

Technology is central to our vision. We continue to invest heavily in technology to enhance customer experience and drive efficiency in operations. We believe in tech-led innovations to deliver seamless and responsive financial services of ever greater value to customers.

Credit ratings

Manappuram Finance Limited

- Long term: AA (Stable) by CRISIL
- Long term PP MLD : AA r (Stable) by CRISIL
- Long term: AA+ (Stable) by Brickwork Ratings
- Long term: AA (Stable) by CARE
- Short term: A1+ by CARE
- Commercial paper: A1+ by CRISIL, CARE

Asirvad Micro Finance Limited

- Long term: AA- (stable) by CRISIL
- Long term: AA- (Stable) by Brickwork Ratings
- Long term: A+ (Stable) by CARE
- Short term: A1+ by CRISIL

Manappuram Home Finance Limited

- Long Term: AA-(Stable) by CRISIL
- Short Term: A1 + by CRISIL
- Long Term: AA- (Stable) by CARE
- Long Term: AA- (Stable) by Brickwork Ratings

Journey
A story of unparalleled growth

From the small village of Valapad to having a pan-India presence, we have traversed an adventurous journey over nearly 30 years. Today, Manappuram Finance is a name synonymous with 'gold loans'.

Our customers vest exceptional trust in us to keep their most precious asset – gold – secure and offer loans in return to meet their needs. We have gained this trust gradually overtime, through various technology and product innovations, and continue to prove ourselves worthy of their trust.

Year	Milestones
The beginnings (1992-2000)	• Incorporated in Valapad village in Thrissur • First public issue of shares for ₹ 17.5 million with listing on the Bombay, Madras and Cochin stock exchanges • The RBI permits accepting public deposits • Major policy change sees MAFIL shifting its focus to gold loans
Laying the foundation (2001-2005)	• Commences forex business with moneychanger's license from the RBI • Declares rights issue in 2003 • Attracts institutional funding for the first time, with ICICI Bank sanctioning working capital facility of ₹ 250 million under a 'bilateral assignment'
Strengthening the foundation (2006-2010)	• Fullerton India / Temasek sanctions credit limit of ₹ 500 million, enhances the limit to ₹ 4.8 billion within a year • Receives foreign institutional investment (FII) of ₹ 700 million from Sequoia Capital and Hudson Equity Holdings • Total business volumes of ₹ 10 billion in 2008 • Total business volumes cross ₹ 50 billion in 2010 • Raises ₹ 1.25 billion through QIP • Opens its 1,001st branch in Thrissur
Expanding by leaps and bounds (2011-2015)	• AUM grows to ₹ 75 billion in 2011 and crosses ₹ 100 billion in 2012 • Branch network reaches 2,908, with more than 850 branches added in 2012 • Pioneers introduction of shorter tenure loans (3-9 months) with lower loan-to-value (LTV) for longer tenure loans based on RBI stipulation on LTV • Acquires ownership of Milestone Home Finance Private Limited from Jaypee Hotels • Diversifies into home loans and commercial vehicle finance • Acquires Asirvad Micro Finance • Introduces online gold loan (OGL) in October 2015, becoming the first in the industry to do so
Preparing for the future (2016-2021	• Acquires 100% ownership of Manappuram Insurance Brokers • Reaches 5.1 million live customers • Expands reach to a total of 24 states and 4 union territories with 4,637 branches • Commercial vehicles business achieves ₹ 10 billion AUM • The microfinance business enters the North Eastern region • Introduces OGL and Doorstep gold loan mobile application • The company's first issue of US Dollar bonds ($300 million) listed on Singapore stock exchange

Businesses
For our customers' diverse needs

1. Gold loans

- A wide range of schemes to suit diverse customer needs
- No end-use restrictions
- Doorstep gold loan extended across India
- Loan-to-value (LTV) linked to loan tenure

Online gold loans (OGL)

- Gold loans offered at the convenience of the borrower
- Gold loans of up to ₹ 15 million offered online
- Easy documentation, instant approval, convenient 24X7 online repayment
- Hassle-free, paper-less transactions
- Free, safe custody of gold

2. Asirvad Micro Finance Limited

- MFI loans through our subsidiary – Asirvad Micro Finance Limited
- Types of loans

  a. Income generating programme (IGP) loan
  b. Product loan
  c. MSME loan
  d. Gold loan

- Loan tenure up to 24 months

3. Housing finance

- Home loans through our subsidiary – Manappuram Home Finance Limited
- Focus on affordable housing loans for mid- to low-income group
- Average loan size of ₹ 1.5 million

4. Vehicle and equipment finance

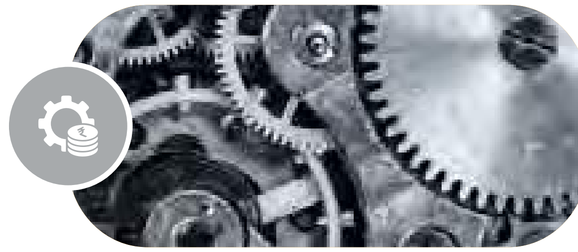
Auto loans (cars)

- Loans for new/used vehicles
- Minimum loans starting from ₹ 1,00,000
- Maximum tenure – 84 months new vehicles and 60 months used vehicles

Two-wheeler finance

- Loans for new/used vehicles and refinancing
- Minimum loans starting from ₹ 1,00,000
- Maximum tenure – 60 months

Construction Equipment finance



- Loans for new/ used construction equipment
- Minimum loans starting from ₹ 1,00,000
- Maximum tenure – 84 months new vehicles and 60 months used vehicles

Farm Equipment finance (Tractors)

- Loans for new/used farm equipment
- Minimum loans starting from ₹ 1,00,000
- Maximum tenure – 60 months

5. Others

MSME finance

- Loans are provided against property as collateral and against Rent Receivables
- Loan amount ranging from ₹ 1,00,000 to ₹ 1.5 million
- Tenure of loan ranging from 12 months up to 120 months
- Average Turnaround time (TAT) – 3 to 6 days

Forex and money transfer

- Fast, easy and safe money transfer
- No bank account needed for amount up to ₹ 50,000
- Send cash anywhere in India within seconds
- Send money abroad
- Authorised Dealer Category – II Licence from the RBI

Insurance broking

- Earned ₹ 92.49 million revenue from broking operations
- Gross income of the Company for FY 2021 decreased to ₹ 99 million as compared to ₹ 150.24 million for FY 2020 due to the pandemic
- PAT for FY 2021 was ₹ 29.032 million compared to ₹ 73.29 million for FY 2020
- Claim settlement ratio for FY 2021 stood at 93.50%
- Engaged more than 7,000 point-of-sale agents pan India, which helped in business penetration; in the retail channel as well, the Company managed to issue more life insurance policies
- Moved to the online platform of Masuraksha, an ISNP platform of Manappuram Insurance Brokers Limited, which has made possible issuance of insurance policy in just a few clicks
- Set up a strong customer service team, which assists customers for renewal, claims and grievances

MD & CEO's Message

Dear Shareowners,

I am delighted to share with you our 29th Annual Report for the financial year ending March 31, 2021. The trust of our customers and the dedication of our employees helped us achieve profitable growth in an especially turbulent year. Our consolidated AUM grew by 7.92% to ₹ 272.24 billion, and net profit improved by 16.53% to ₹ 17,249.5 million, the highest ever.

FY 2021 witnessed a once-in-a-century crisis in form of the COVID-19 pandemic. The lockdowns that followed disrupted almost every economic activity. Economies around the world went into a tailspin and economic activity contracted sharply. Authorities responded to the crisis with large monetary and fiscal stimulus plans to safeguard lives and livelihoods. Globally, the fiscal stimulus to combat the pandemic has topped trillions of dollars and expansionary monetary policy has supported growth to a large extent. As a result, the world economy is gradually heading towards revival.

IMF revised its forecast for the global economy, which is estimated to contract by about 3.5% in 2020, an upgrade from its previous prediction of -4.5% made in June 2020.

The lockdowns imposed to combat the spread of the virus had a devastating impact on the Indian economy at a time when it was already facing a slowdown. COVID-19 exacerbated the situation with the economy's growth rate tipping over into negative territory. Since then, there were signs of a sharp recovery as well, driven by a significant uptick in the manufacturing and construction sectors. Investment demand grew by 2.6% in Q3 FY 2021 after showing lacklustre performance for several quarters. Government spending went up sizably with a focus on capital expenditure to hasten long-term growth. Moreover, many high-frequency indicators show improvement, reinforcing the view that the economy will bounce back.

Performance during the year

Your Company was able to withstand the strong headwinds and reported profitability even in the non-gold verticals viz. microfinance, affordable housing, MSME and commercial vehicles segments. We were able to bear the shocks due to our investments in advanced technologies which allowed us to offer customers the best-in-class products and services, even when our branches were closed by lockdowns. Our online gold loan product allowed customers to transact with us and borrow additional amounts even during the lockdown period. Many of our customers were in acute need of funds and we could provide timely service to them with the aid of technology. Our gold loan portfolio showed significant growth during the lockdown phase because, for a while, this was the only credit product readily available to customers as risk aversion spread through the financial sector. Of course, the environment was

"We were able to bear the shocks due to our investments in advanced technologies which allowed us to offer customers the best-in-class products and services, even when our branches were closed by lockdowns"

also supportive as gold prices happened to increase sharply during this time, creating the headroom for borrowers to borrow more.

While the momentum in the gold loan business continued, our new business verticals showed their resilience. Non-gold verticals now account for 30% of our consolidated AUM and contribute 21% of consolidated net profit. We recorded good growth in consolidated AUM during FY 2021,which, at ₹ 272.24 billion is an increase of 7.92% over the preceding year. Along with the growth in AUM and the highest ever net profit of ₹ 17,249.5 million, we have delivered attractive returns to our investors with ROA of 5.61% and ROE of 26.17%. Our net worth stands at over ₹ 73.07 billion, and our standalone capital adequacy ratio is at a healthy 29.02%. The overall picture conveys growth and profitability, and the confidence that we can further improve our performance in the times to come.

Fluctuating gold prices and risk management in gold loans

Over the past few months, after the first announcement of a successful vaccine, gold prices have corrected significantly in the expectation that the worst of the pandemic is behind us. From the peak of US$ 2,000 per troy ounce in August 2020, the price has fallen to levels of US$ 1,700. The good news is that our gold loan business has also evolved to become more resilient to such price fluctuations. The change is most apparent in our risk management where the old thinking has given way to new. In 2014, looking at the increasing volatility in gold prices, your company had put in place a well-thought-out strategy to reduce its exposure to gold price volatility. Learning from previous episodes of gold price volatility, we realised that a short-term gold loan product is the best way to manage the gold price risk. Accordingly, we shifted almost the entire gold loan portfolio to a tenure of 3 months, a departure from the industry practice of granting gold loans for a tenure of 12 months..

The short-term product offers benefits both to the customer and to the company. The company can manage the price risk and asset quality prudently, without taking away flexibility from the customer in terms of his credit requirements. The periodic renewal of the loan and the regular servicing of interest by the customer enforces credit discipline and it also lowers the interest burden on the customer. The customer can also renew the loan indefinitely by periodically settling the interest and resetting the principal to the prevailing gold price.

Adapting to the new normal

Ever since the outbreak of COVID-19, we have been engaged in a race against time to become ready for the 'new normal'. Within a few days of the lockdown announcement, we succeeded in extending work from home facilities to almost all our employees. This became possible only because of the technology initiatives we have been implementing over the last four or five years. We started our green office project by implementing the paperless system of moving files to make the operations of the head office completely paperless. We conduct all our review meetings online through digital platforms with considerable savings in time and travel cost. Your company was the first gold loan NBFC to launch the online gold loan (OGL) application, which is today the most successful application of its kind in the industry. Launched five years ago, adoption was relatively slow but after the pandemic struck, there was a marked pick-up. Along with OGL, we now offer 'Doorstep gold loans" where the customer need not visit our branch at all. Our executives call on them at their homes and complete all the formalities and disburse the loan on-the-spot. Summing up, if things have changed because of the pandemic, we are changing too.

Thank you

I am grateful to regulators and policymakers for having fostered a conducive environment, which has allowed us to perform to the best of our potential. I want to thank our senior management team for demonstrating the ability to execute the vision of the management and for displaying resilience under difficult circumstances in recent months. I also want to thank all our employees for their efforts, and our customers for continuing their long-standing relationships. Also, I want to thank our Board members for their unwavering support and guidance during the past year. While we are constantly focused on our customers, employees, and shareholders, we have continued to support our communities all around. The Manappuram Foundation has made a tangible difference to communities across India.

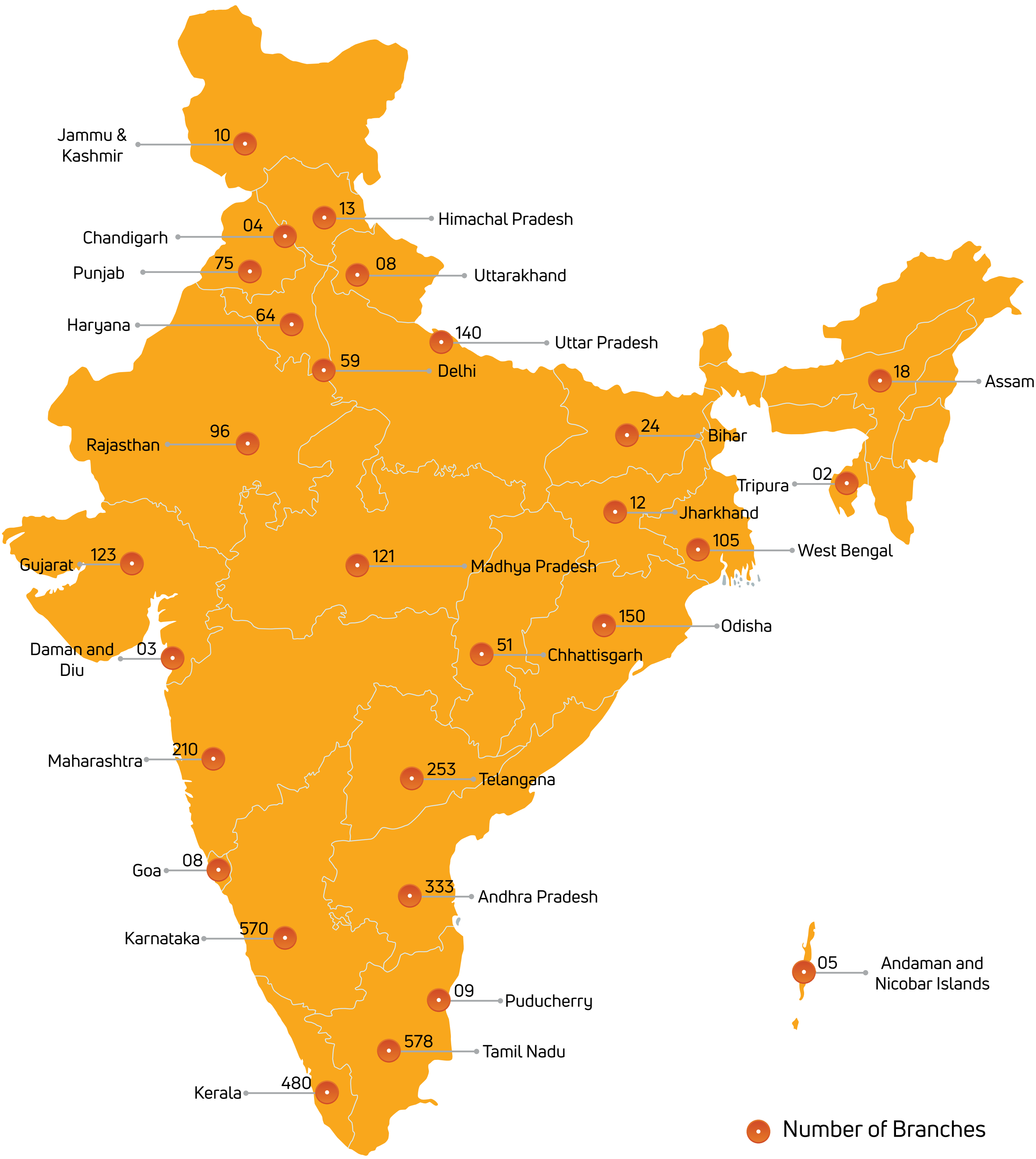
I am grateful to all our stakeholders and partners for their resolute faith in the Company over the past three decades. I seek your continued support so that we consistently improve our performance and fulfil our vision to become a preferred multi-product NBFC for our customers.

With best wishes

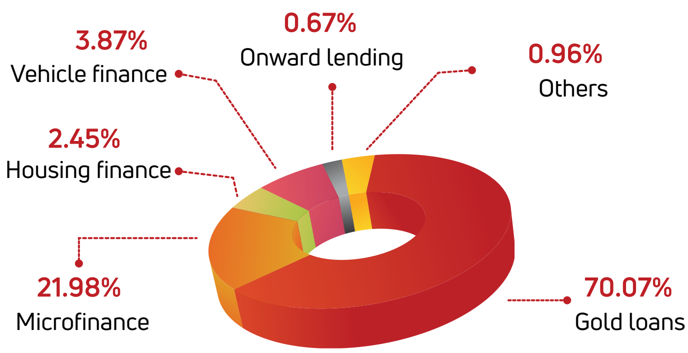
V.P. Nandakumar
MD & CEO

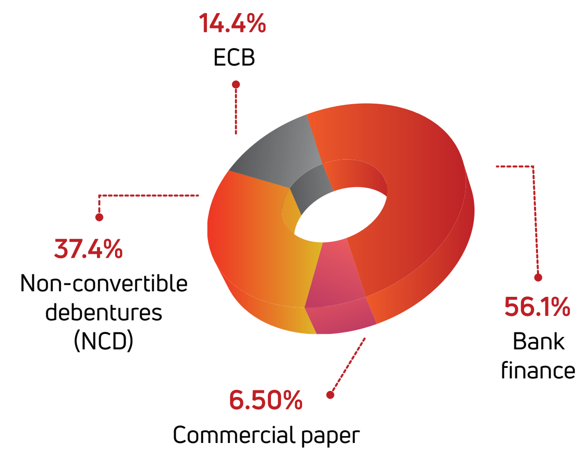
MANAPPURAM FINANCE LIMITED
Make Life Easy

Presence
Making life easy across India

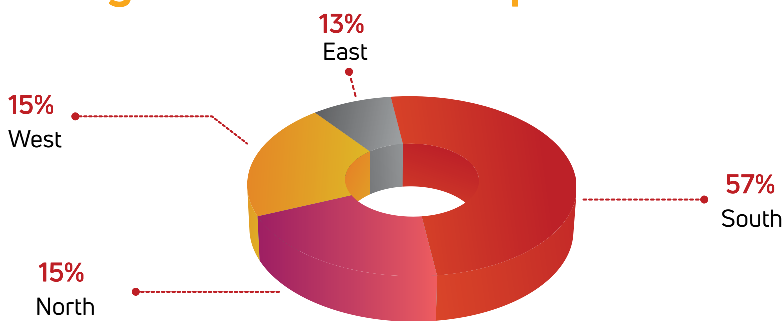


FY 2021 business mix

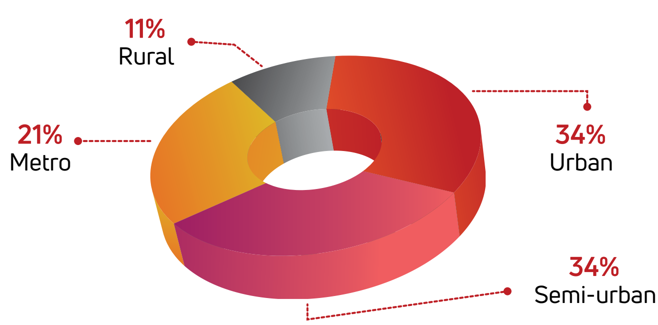




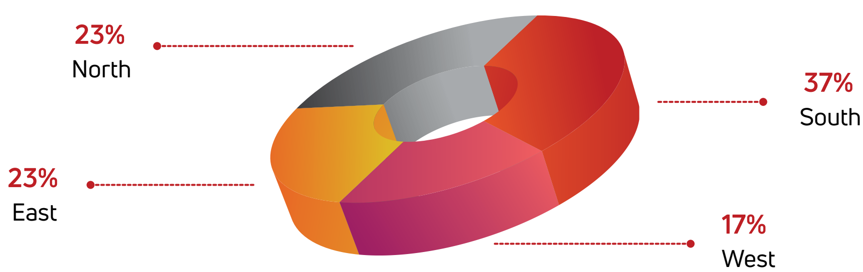
Gold AUM – Region-wise breakup



Gold AUM – Rural-urban mix



MFI AUM – Region-wise breakup



MANAPPURAM FINANCE LIMITED
Make Life Easy

Digital strength
Earning customer trust through technology and innovation

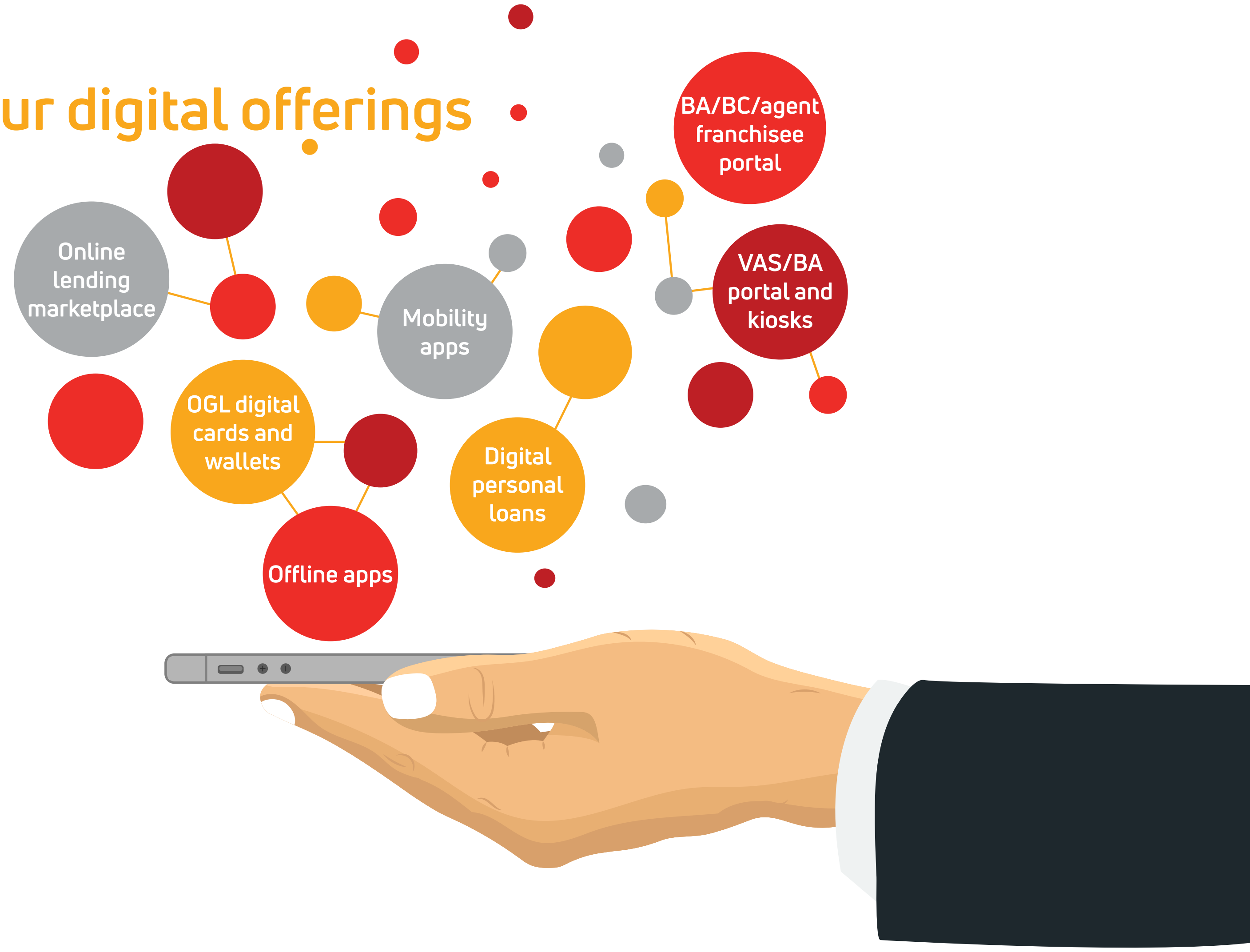
At Manappuram Finance , we understood the importance of innovation and the power of the digital from the time we began our operations. And at a time when there were no readymade software solutions for gold loans, we were one of the earliest to adopt the 'core banking' platform to link all our branches real time.

Right from streamlining procedures and reducing the turnaround time in gold loan disbursal to implementing advanced risk management practices, we use technology across our business operations. Through the use of bots, we have managed to increase the precision of our operations and reduce costs.

To continue becoming smarter, efficient and more technology savvy, we have charted a digital strategy that is based on the three pillars of 'Innovate', 'Differentiate' and 'Execute'.

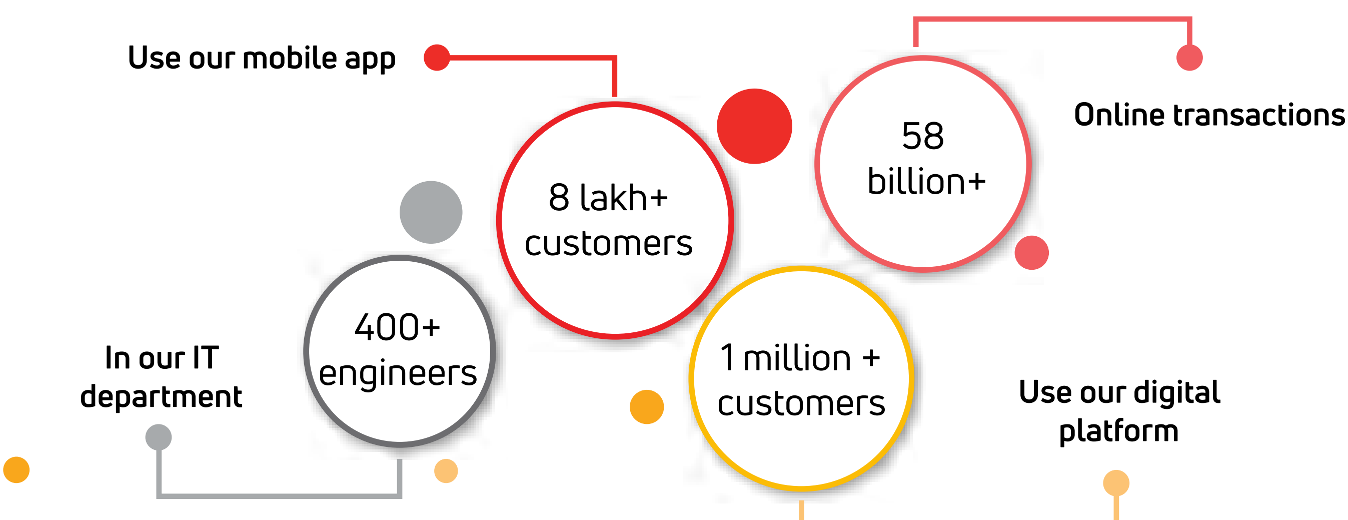
Pillars	Offerings
Innovate (strategic) Innovative projects to penetrate more markets, gain more customers and stay ahead of competition	• SMS-based Gold Loan • WhatsApp-based OGL mobility platform • Digital personal loans • Digital scorecards • OGL digital cards • Kiosks • Business Associates (BA) portal • Value-added Services (VAS) portal
Differentiate (tactical) Establishment of business differentiators to ensure brand recall and have our own unique selling points	• Customer Relationship Management (CRM) • Mobile Device Management (MDM) • Unified Payments Interface (UPI) • Aadhaar-Enabled Payment System (AEPS) • Robotic Process Automation (RPA) • Adoption of Internet of Things (IoT) and blockchain • Governance, Risk and Compliance (GRC), Learning Management System (LMS) and Infra Solutions SD-WAN • Usage of public cloud, Document Management System (DMS) and digital workflow
Execute (operate) Consolidation of Group IT infrastructure by moving to private cloud to serve customers better	• Replacement of PCs to mobile devices with MDM • Setting up of an outsourced information security organisation • Involvement of professional network integrators • Improved SLA-based support for IT services

Our digital offerings



Digital transformation journey

In our journey of digital transformation, we are focusing primarily on four key areas - digitizing operations for scale, mobile interfaces for servicing customers, unified data architecture and analytics for single customer view, and leveraging new technologies for new businesses. We have custom developed an information technology platform in-house that allows us to record relevant customer details, approve them and disburse the loan; and handle internal audit, risk monitoring and management of suitable credit and pledged gold related information.



Advantages of our digital capability

The share of digital collections in gold loans has increased steadily over time, standing at 54% in FY 2021, compared to 35% in FY 2020

The Business Continuity Plans (BCP) initiated much before the nationwide lockdown enabled us to roll out new projects and ensure efficient operational methods

Our digital capability allows us to amplify revenue across business verticals

We are working towards establishing an automated solution to verifying the purity of the gold assets

We went largely paperless, with all our information being moved online

Our technology platforms – A boon during the lockdown

We have set in motion transformative change with the virtualisation of the office environment. We started our green office project by implementing a paperless system of moving files. The focus was on making systems and procedures paperless, and tech initiatives were launched to make the operations at Head office completely paperless. Today, everything is digital, saving hours of manual file movements.

We were the first in the country to introduce digital gold loan, our Online Gold Loan (OGL) product. which is today the most successful application of its kind in the industry. Launched five years ago, adoption was relatively slow but after the pandemic struck, there was a marked pick-up. In OGL, the customer can park his gold in our branches and get a drawing power which can be used as an overdraft limit which may be operated from anywhere using a mobile phone. Recently, for the benefit of those customers who face difficulties in reaching our branches, we have introduced a doorstep gold loan service. Our executives call on the customer at his doorstep and the customer gets the gold loan disbursed to him from within the comfort of his home.

As a leader in the NBFC space, Manappuram Finance believes strongly in providing adequate training and learning opportunities to our employees. We made the transition from classroom trainings to virtual classes and eLearning courses, thereby saving time and money. We prepared over 400 e-learning courses of over 220 hours duration and now our Learning Management System is the main platform for learning and development at our Company. We are implementing augmented reality (AR) framework in our training programs to create near real, yet fully virtual classroom environment. AR infused training programmes will impart role critical training and get employees ready for future challenges. AR has the potential to revolutionise the learning industry completely. Technological transformation in the learning space is still in infancy and we are clear that Manappuram will lead from the front.

People

Skilled and passionate workforce

FY 2021 began with the rapid spread of COVID-19, which imposed restrictions on conducting classroom trainings. However, at MAFIL, we had developed the capability to convert all the classroom trainings into the e-learning mode. We were thus able to carry on without interruption, by replacing classroom trainings with e-learning classes. The added advantage was that even when employees were working from home, training classes were accessible to them through laptop or mobile, and they could use their time effectively to complete those courses. We had made 492 e-learning courses available during the period, which proved very effective in keeping employees engaged when working from home.

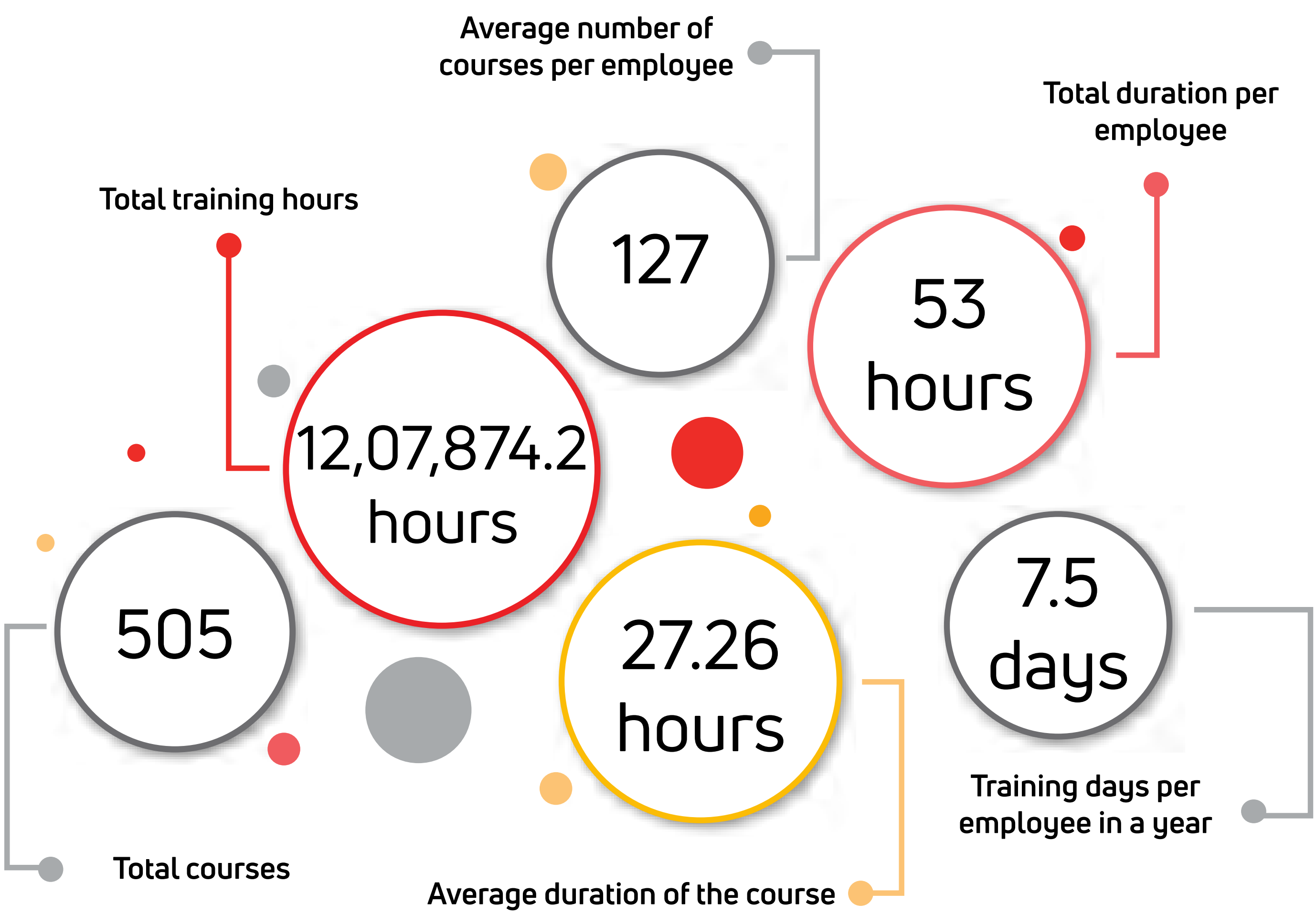
We also created modules highlighting the importance of precautions to be taken during the pandemic period, such as proper use of mask, hand sanitizers and precautions to be taken when inside and outside our workplace.

We created a team of content developers and course developers in-house and trained them in Articulate (an e-learning authoring app) to create the needed courses within a short time, saving the cost of using outsourced vendors.

Employee higher education was another area of focus during the year. We were able to arrange Executive Development Courses for our senior executives in reputed institutes such as Harvard Business School, Wharton School of the University of Pennsylvania, etc. Executive Development Programs in the technology space were sourced from IIMs at Kozhikode and Indore, and IIT Roorkee. We also offered programmes of Symbiosis (Pune), BITS Pilani, etc.

The MBA and MCA programmes from Bharathiar University (Coimbatore) and Amity University (Noida) for graduate employees, and BBA & BCA programmes of Bharathiar University (Coimbatore) for undergraduates are very popular among our employees.

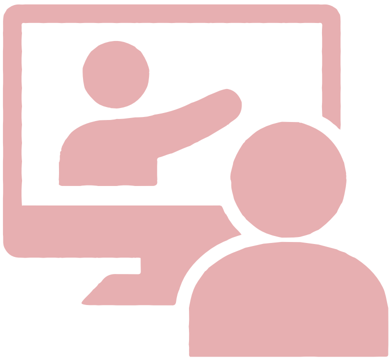
We also offered IT and finance courses from reputed institutes to employees based on their role in the organisation. During the year, we developed our own in-house learning experience platform 'MADU' with expanded features as a replacement for our original learning management system (LMS).



A recent batch of employees who have completed the MBA programme of the Bharathiar University

Features of the trainings

- 24 x 7 accessibility anywhere
- Learning through mobile/tab/laptop/desktop
- Proctored enabled evaluations
- 360-degree feedback from the learners
- Structured learning path
- Internal capability of course development



24,109
Permanent employees

7,708
Permanent women employees

31.97%
Permanent women employees

Board of Directors

Mr. Jagdish Capoor – Independent and Non-executive Chairman

(Member of Nomination, Compensation and Corporate Governance Committee)

Mr. Jagdish Capoor holds a master's degree in Commerce from the Agra University and a fellowship from the Indian Institute of Banking and Finance. He has over 40 years of experience in banking and finance. He is the former Deputy Governor of the RBI; former Chairman of HDFC Bank, Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and BSE, and also a Director on the Boards of several commercial banks.

Currently he is on the Boards of LICHFL Trustee Company Private Limited, LIC Pension Fund Limited, SPANDANA SPHOORTHY Financial Ltd, LIC Housing Finance Limited, HDFC Securities Limited, Fintech Products and solutions (India) Private Limited, Finsec AA Solutions Private Limited.

Mr. V. P. Nandakumar – Managing Director and Chief Executive Officer

(Chairperson of Asset-Liability Management Committee (ALCO), Debenture Committee, Financial Resource and Management Committee, Corporate Social Responsibility Committee, Stake holders Relationship and Securities Transfer Committee and Risk management Committee)

Mr. V.P. Nandakumar is a post-graduate in Science with additional qualifications in Banking and Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank. In 1986, he resigned to take over the family business, following the demise of his father, V.C. Padmanabhan. In 1992, he promoted MAFIL Limited and has been a Director of the Company since then.

Mr. Nandakumar is a managing committee member of leading trade and industry associations such as Associated Chambers of Commerce (ASSOCHAM) and Federation of Indian Chambers of Commerce (FICCI). He is also a former Chairman of the Kerala State Council of the CII and a finalist at the EY Entrepreneur of the Year Awards 2017.

Mr. B. N. Raveendrababu – Non-executive Director

(Member Asset-Liability Management Committee (ALCO), IT-Strategy Committee, Debenture Committee, Stakeholders Relationship and Securities Transfer Committee, and Financial Resource & Management Committee)

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

He was redesignated as Non Executive Director of the Company with effect from June 2020, pursuant to his appointment in Asirvad Micro Finance Limited as Joint Managing Director.

Mr. P. Manomohanan – Independent and Non-executive Director

(Member of Audit Committee and Risk Management Committee, Stakeholders Relationship and Securities Transfer Committee, and Financial Resource & Management Committee)

Mr. P. Manomohanan holds a bachelor's degree in Commerce from the Kerala University and a Diploma in Industrial Finance from the Indian Institute of Bankers. He is also a Certified Associate of the Indian Institute of Bankers. He has over 38 years of experience in the RBI and in regulatory aspects of NBFCs. He retired as General Manager of the RBI, Department of Banking Supervision, Trivandrum, and served on the Boards of South Indian Bank and Federal Bank.

Mr. V. R. Ramanchandran – Independent and Non-executive Director

(Chairperson of Stakeholders Relationship and Securities Transfer Committee, & IT-Strategy Committee, Member of Corporate Social Responsibility (CSR) Committee and Financial Resource & Management Committee)

Mr. V. R. Ramchandran holds a bachelor's degree in Science from the Calicut University and a bachelor's degree in Law from the Kerala University. He has over 32 years of experience and is a civil lawyer enrolled with the Thrissur Bar Association.

Mr. Gautam Narayan – Non-Independent and Non-executive Director

(Member of Audit Committee, Nomination Compensation and Corporate Governance Committee, Risk Management Committee and Credit Committee)

Mr. Gautam Narayan is a Chartered Accountant with a post-graduate diploma in Management from IIM, 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.

Ms. Sutapa Banerjee – Independent and Non-executive Director

(Chairperson of Corporate Social Responsibility (CSR) Committee, Member of Nomination, Compensation and Corporate Governance Committee, Audit Committee and Risk Management Committee)

Ms. Sutapa Banerjee is a gold medallist in Economics from the XLRI School of Management, and an Economics graduate from the Presidency College Kolkata. She has spent close to 24 years in the financial services industry in two large multinational banks, ANZ Grindlays and ABN AMRO, and a boutique Indian investment bank, Ambit where she built and headed several businesses. She was voted as one of the 'Top 20 Global Rising Starsof Wealth Management' by the Institutional Investor Group in 2007 – the only Indian and the second from Asia.

Mr. Abhijit Sen – Independent and Non-executive Director

(Chairperson of Audit Committee and Risk Management Committee, Member of CorporateSocial Responsibility (CSR) Committee, Credit Committee and IT-Strategy Committee)

Mr. Abhijit Sen retired as Chief Financial Officer of Citibank, India Subcontinent in 2015 after serving the organisation for almost 20 years. Post retirement, he is associated with a large Big 4 firm as an External Advisor, for their activities in the banking and financial services sector. He serves on several Boards including Kalyani Forge Ltd., Trent Ltd., U Gro Capital, Ujjivan Micro-Finance Ltd. and Cashpor Microcredit. He also chairs the Audit Committees of Kalyani Forge Ltd., Tata Investment Corporation and U Gro Capital in addition to participating on several other Board Committees. In the past, Mr. Sen was also on the Boards of National Securities Depository Ltd and various Citi entities and has been an external advisor to General Atlantic. He has a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with majors in Finance and Information Systems.

Mr. Harshan Kollara – Independent and Non-executive Director

(Member of Audit Committee, Risk Management Committee and Credit Committee)

Mr. Harshan Kollara is an experienced financial services professional, with over 40 years of experience in banking and financial services in India and abroad. Has been with diverse institutions [Union Bank of India and ICICI bank (as EVP and Head of International banking), Union bank of California (as Vice president and Regional Head of South Asia Region) and Federal bank (as its Executive Director)]. He has been the Non-executive Director of Experian Credit Information Company of India Private Limited and is a person regulated by the Financial Conduct Authority (FCA). Mr. Kollara has extensive experience in foreign exchange, cross-border trade finance, payment business, consumer credit, core banking application system implementation, and compliance including Anti-money Laundering (AML), Counter-terrorism Financing (CTF) and financial crime prevention practices. He is experienced in global standards and best practices in governance. He is an alumnus of Mumbai University.

Mr. Shailesh J. Mehta – Independent Non-Executive Director

(Chairperson of Nomination, Compensation and Corporate Governance Committee, Member of Audit Committee, Risk Management Committee and Credit Committee)

Dr. Shailesh J. Mehta has completed his Bachelor of Technology in Mechanical Engineering from Indian Institute of Technology, Mumbai and holds a master's degree in Operations Research from Case Western Reserve University. He holds a Doctor of Philosophy degree in Operation Research and Computer Science from Case Western Reserve University. He also holds Hon. Doctorate in Human Letters from the California State University. He has over 45 years of work experience and has held the positions of President, Granite Hill Capital Ventures; Chairman and Chief Executive Officer, Providian Financial Corporation; Operating General Partner, West Bridge Capital; President and Chief Operating Officer, Capital Holding Insurance group; and Executive Vice President, Key Corp. He has also served on the U.S. Board of Master Card International, Board of PayPal Inc, Chairman of First Source Solutions and Trustee of California State University System. He is founder of the Shailesh J. Mehta School of Management at IIT Bombay.

Mr. S.R. Balasubramanian – Additional director

S.R. Balasubramanian holds a Bachelor degree in Engineering (Electronics) from Madras University and has a Post Graduate Diploma in Computer Science from IIT Bombay to his name. He has over 43 years of experience in the field of Information Technology at various capacities. Out of which 35 years are in the IT space of BFSI. He was the former VP of Citibank and has worked in India, Singapore and Kenya. He played a key role as Technology Head for implementing Cash Management Technology in Citibank during the early 90s. He was with HDFC Bank for over 7 years as Senior VP and moved to IT Advisory role for few Banks in India and was Business Advisor to a software company and served there for 4 years. He was the former Board member of Quantum Asset Management Company(P) Ltd since 2010 and completed the Board term on August 2020. Currently he is the member of Information Security Committee of Quantum AMC and provides his service as an external expert.

Resilient performance

Throughout FY 2021, we continued to maintain unwavering focus on serving the underbanked customers with risk-adjusted yields. Though the pandemic did have a transitory impact on our performance, we have demonstrated agility and resilience through innovation and a strong balance sheet. Supported by our resilient performance, we are marching tenaciously towards our FY 2025 goal of consistent AUM growth of 15-20% with 25% cross-cycle RoE.

Performance highlights
Progressing quarter on quarter

- Incremental focus on gold loans due to short tenor, liquid collateral and minimal credit risk
- Stricter underwriting norms with review and reset of geographical limits, margin on collateral and delegated powers with tighter portfolio review
- Increased focus on digitisation – online gold loan accounts for 63% of gold AUM
- 94% of MFI customers digitally traced at the beginning of lockdown
- Online gold loan customers and digital payments up 1.2x q-o-q
- Raised fresh borrowing of ₹ 2,703 crore of funds in Q1 on a consolidated basis and liquidity is comfortable
- Asirvad Micro Finance Limited now among the lowest cost providers of microfinance loans in India. Asirvad proactively provided ₹ 75 crore provision during Q1 to alleviate COVID-19 and provided ₹ 130 crore provision cumulatively so far
- 90% branches operational, with social distancing and sanitization measures being followed by all employees

- Online gold loan now accounts for 61% of gold AUM
- Online gold loan customers and digital payments up 1.5x q-o-q
- Raised fresh borrowing of ₹ 2,904 crore of funds in Q2 on a consolidated basis and liquidity is comfortable
- Asirvad AUM at ₹ 4,971 crore (down by 1.3% q-o-q), given cautious approach to new disbursements
- Asirvad proactively provided ₹ 66 crore provision during Q2 due to COVID-19 and provided ₹ 196 crore provision cumulatively so far (3.9% of AUM)
- Collection efficiency improving every month [Vehicle Equipment Finance (VEF) and Housing Finance Company (HFC) collections efficiency in September 20 were 93% and 95%, respectively] and we have redoubled our collection efforts
- 100% branches operational, with social distancing and sanitisation measures being followed by all employees

Q3

- Consolidated AUM continues to grow steadily at +14.7% y-o-y and +2.7% q-o-q , with gold loan product driving growth
- Prudent capital structure with leverage being only 3.4x and Tier I capital ratio being 25.8%
- Access to liquidity from all sources, with sequentially reducing cost of borrowing
- Raised fresh borrowing of ₹ 1,925 crore in Q3 on a standalone basis through NCDs and bank loans
- Fitch restored the Company's rating to BB Stable from negative
- Asirvad AUM at ₹ 5,985 crore
- Non gold loan disbursements during Q3 at ₹ 1,519 crore (versus ₹ 1,467 crore in Q3 FY 2020)

Q4

- Given the 3-month average contracted loan duration for Manappuram Finance, a significant proportion of loans disbursed at the time of peak gold price in Q2 were due for repayment during Q4
- Despite significant volatility in gold prices, we were able to arrest gross non-performing assets (GNPA) in the gold loan portfolio to less than 2%. Auctions during the quarter were ₹ 404 crore compared to ₹ 8 crore during the nine-month period ended December 20
- Added significantly to the gold loan marketing team to continue growing the portfolio after the second wave of COVID-19 abates
- Tier I ratio of 29%; strong support received from all financing partners
- Collection efficiency in vehicle finance improved significantly during the quarter, leading to some release of historical provisions
- Our HFC business continues to be stable

Business review

Steadfast performance across all segments

1. Gold loan business

- Continued to record strong growth and profitability
- Average loan ticket size increased to ₹ 44,600 in FY 2021 compared to ₹ 38,500 in FY 2020
- Share of Online Gold Loans (OGL) in gold loan AUM up to 54% from 48% a year back
- Gold AUM per branch was ₹ 54.2 million in FY 2021, up by 12.6% compared to ₹ 48.1 million in FY 2020
- Loan-to-value (LTV) is 71% compared to 59% in FY 2020
- Low interest rate sensitivity given small ticket size, short tenor and convenience of product
- Significant operating expense leverage as new branches mature
- Undertook various cost rationalisation initiatives, such as introduction of cellular vaults, which has resulted in ₹ 521 million average opex saving annually

2. Asirvad Micro Finance

- AUM stood at ₹ 59,846 million compared to ₹ 55,026 million in FY 2020
- Collection efficiencies (CE) have improved and returned to pre-COVID levels; they stood at 94% in FY 2021 compared to 98% in FY 2020
- Number of borrowers stayed the same at 2.4 million
- Had added ~900 loan officers last year which helped enhance collection efficiency and increase borrower retention
- Return ratios were impacted during the year; however, the management maintained its optimism stating it at 20% RoE due to the resilient nature of the businesses
- One of the lowest cost microfinance lenders in India

3. Housing finance

- AUM grew 5.8% y-o-y to ₹ 6,663 million; the AUM mix comprises 38% home loan, 36% home construction and 27% loan against property (LAP)
- Focus on affordable housing for mid to low-income self-employed customers, with ~75% customers being self-employed
- One of the key beneficiaries from the Government of India's push for 'housing for all'
- Increased penetration in Tier III and Tier IV towns
- Increased emphasis on direct sourcing through ground-level marketing
- Decentralised underwriting and disbursement for lower ticket size loans
- Compliance with policy parameters via ground-level credit audit and centralised credit monitoring
- Riding on the parent's brand equity and pan India presence for scaling up the business

4. Vehicle and equipment finance

- AUM stood at ₹ 10,526 million, down by 21.7% y-o-y
- The portfolio mix largely skewed towards commercial vehicles at 70%, two-wheelers at 20%, and passenger vehicles at 10%
- Increased penetration in rural and semi-urban locations
- Covering 3,000+ co-located gold loan branches for collection and marketing distribution
- Digital lending platform and automated approval process in two-wheeler loans
- Digital loan agreement signing with e-stamping to save cost
- Dedicated team for used business with lower ticket size and higher yield
- Brand tie-ups with manufacturers for better reach

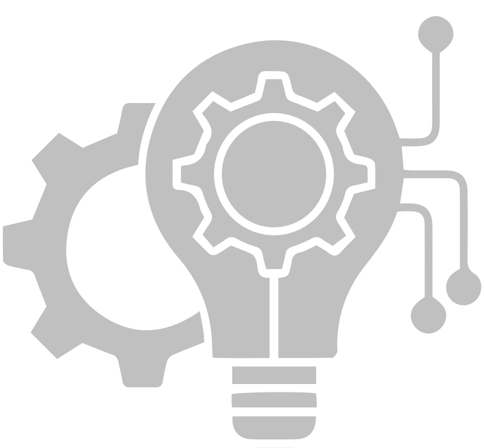
5. Other businesses

MSME

Average loan ticket size increased to ₹ 2.01 lakh in FY 2021 compared to ₹ 1.24 lakh in FY 2020

AUM stood at ₹ 650 million in FY 2021 as compared to ₹ 490 million in FY 2020

6,866 satisfied customers



Manappuram Comptech and Consultants

Gross income of the company increased by 124% and reached ₹ 227.28 million compared to ₹ 101.35 million in FY 2020. PAT increased by 78% and reached ₹ 31.46 million compared to ₹ 17.70 million in FY2020

Major income received from Cloud Services, IT Service (Sale and Support), IP Camera Monitoring Services, etc.

The Cloud Income service reported a revenue of ₹ 106 million

Sold products valued at ₹ 45.72 million against ₹ 33.03 million during the previous year

Major IT software delivered during the year for gold loan, door step gold loan, loan management system, customer payment app, mobile punching, etc.

Successfully completed ISO Certification

Manappuram Insurance Brokers Limited

During the year, the Company provided services of health insurance, motor insurance, life insurance, personal accident insurance, COVID Insurance and other general insurance services to the public and revenue earned from broking operations was ₹ 92.49 million

Gross income of the Company for the year ended March 31, 2021 decreased to ₹ 99.00 million as compared to ₹ 150.24 million for the year ended March 31, 2020 due to Pandemic and profit after tax for the year ended March 31, 2021 was ₹ 29.032 million as compared to ₹ 73.29 million for the year ended March 31, 2020

Company was able to settle claim very efficiently and had provided very effective services during the pandemic situation in claim settlement. The claim settlement ratio for the FY 2021 stood at 93.50%

Company engaged more than 7,000 point of sales agents pan India which helped in penetration of insurance business. In the retail channel aslo Company managed to issue more life insurance policies

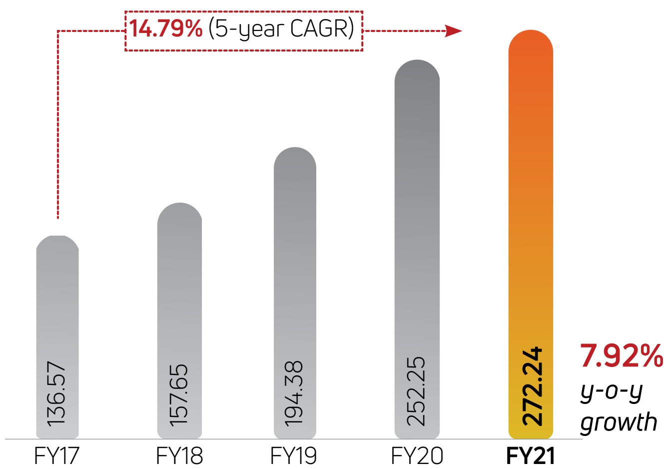
Company has also moved to the online platform of Masuraksha, an ISNP platform of Manappuram Insurance Brokers Limited which has made possible issuance of insurance policy in just few clicks. Customer can compare quotations of multiple insurance companies on real time basis and choose the best product for themselves

MAIBRO has also set up a very strong Customer service team which assist customer for renewal claims and grievances of customer. All customer requests are addressed in a very efficient manner as per decided timeline

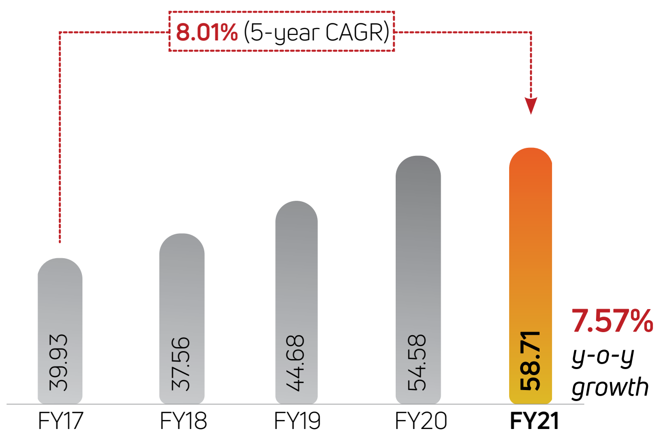
Key performance indicators

Accelerated growth

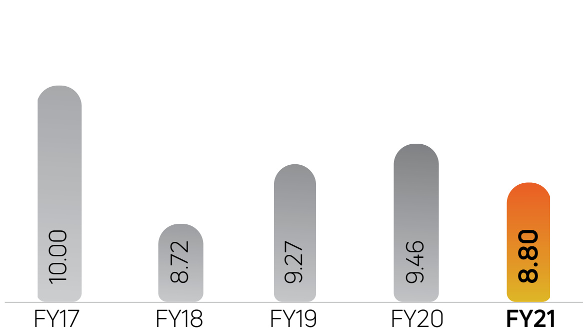
AUM ₹in billion



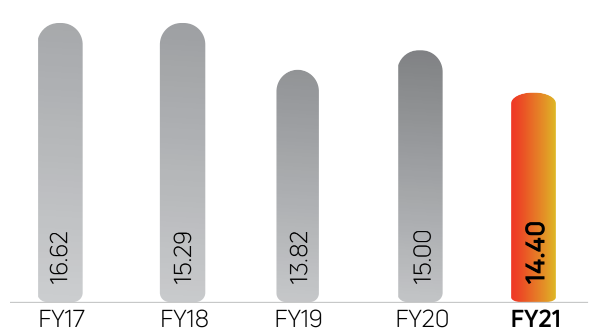
AUM Per Branch ₹in million



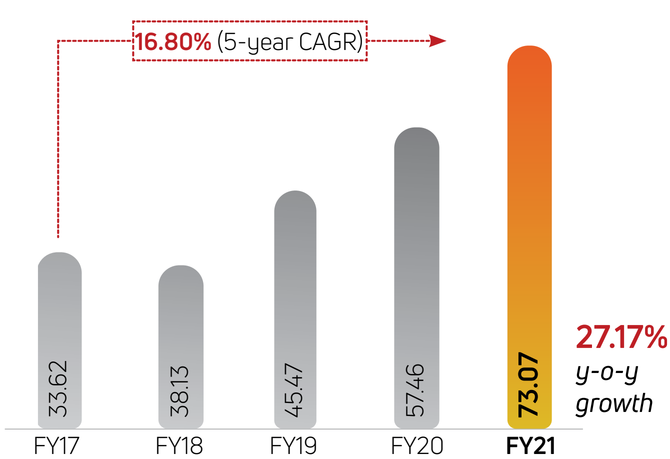
Cost of borrowings %



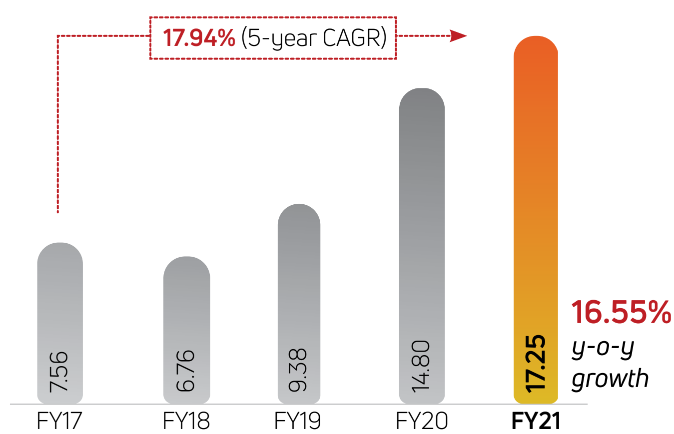
Net interest spread %



Net worth ₹in billion

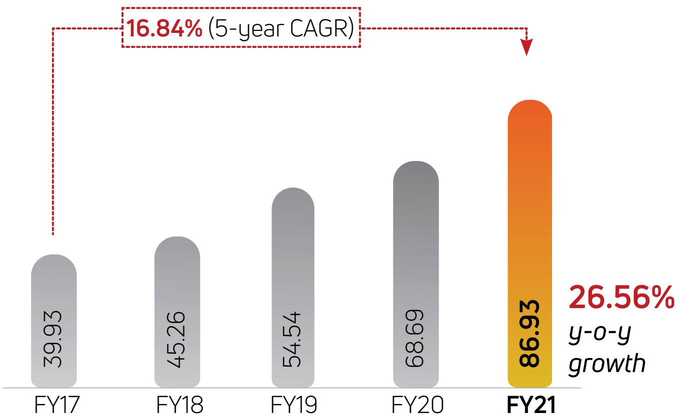


Profit after tax ₹in billion

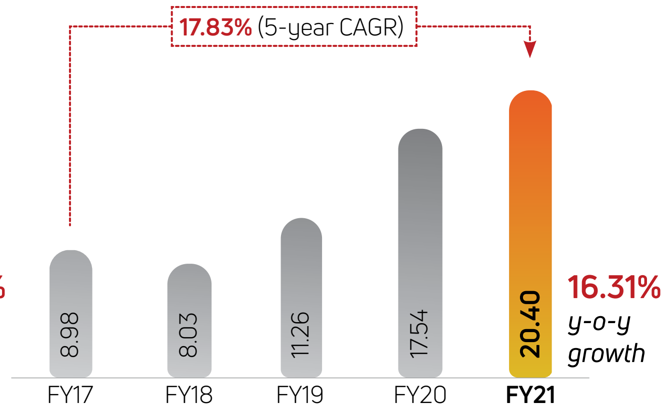


MANAPPURAM FINANCE LIMITED
Make Life Easy

Book value per share ₹

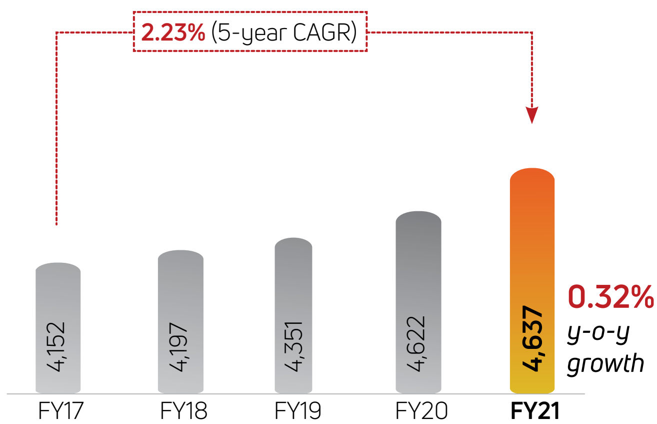


Earnings per share (EPS) ₹

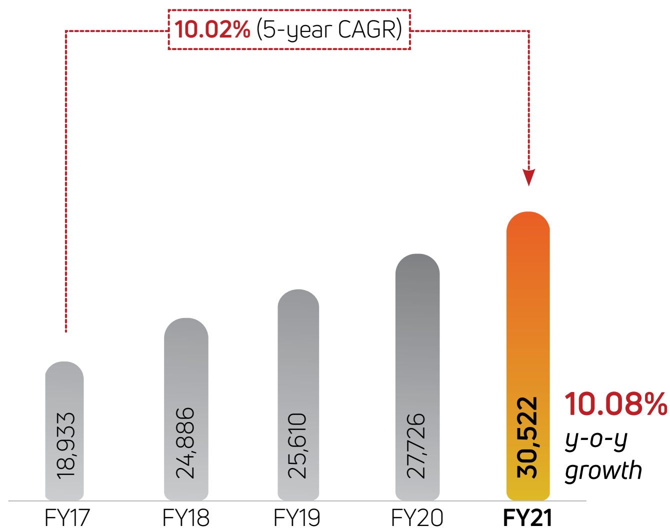


Key operational metrics

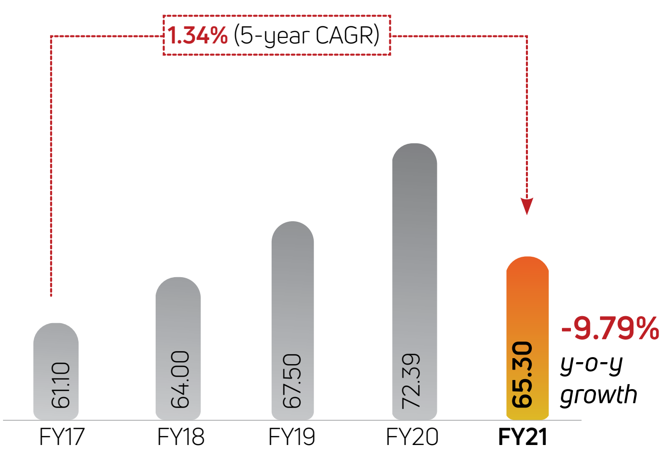
Branches (no)



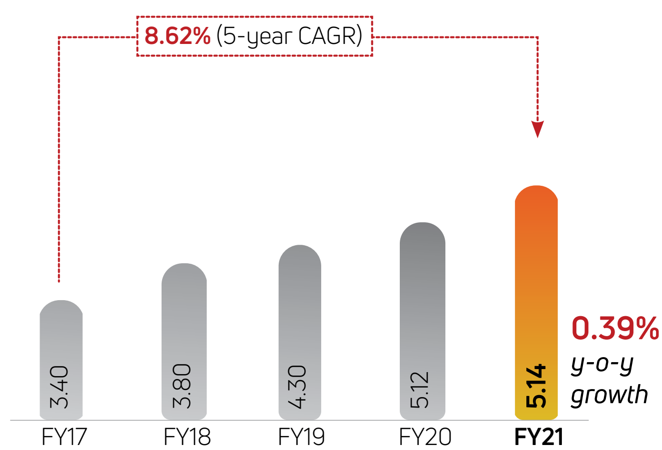
Employee strength (no)



Gold holding tonnes

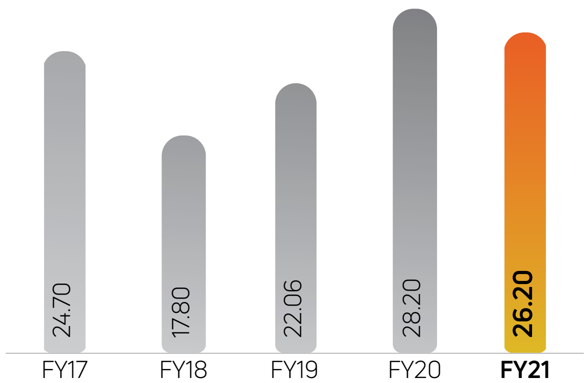


Customers (No.)

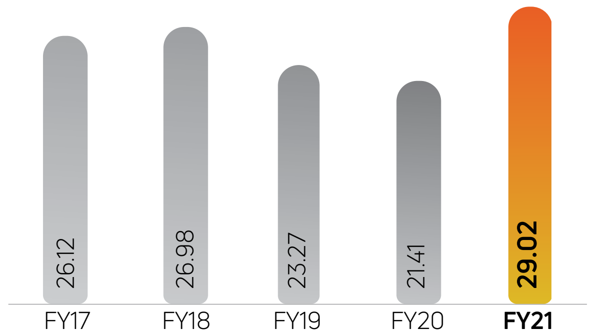


Key ratios

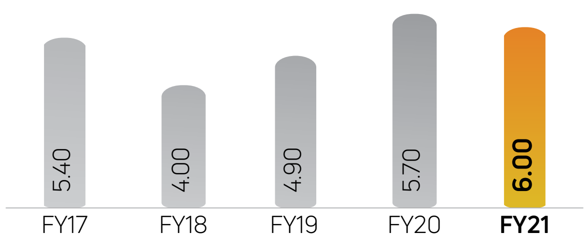
RoE %



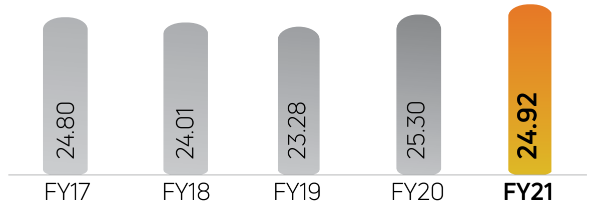
Capital adequacy ratio %



RoA %

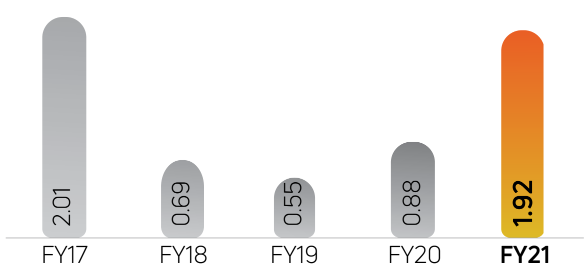


Net yield %

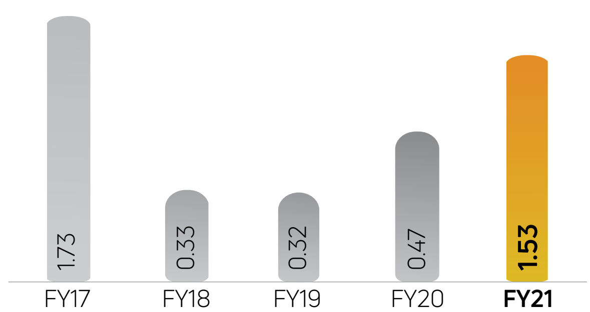


Asset quality metrics

Gross NPA %



Net NPA %



Braced for growth

We are proud to be making a meaningful difference by offering gold loans to the underserved sections of society, while bracing ourselves to leverage opportunities, safeguarding our business and ensuring fair and transparent business practices. And while we are aiming to reach greater heights of success, we are leaving no stone unturned in empowering and improving the quality of life in the communities where we operate.

Governance

Maintaining the highest standards of ethics

Strong corporate governance is an integral part of our core values and is crucial to our business integrity, performance and sustainable growth. We, therefore, seek to consistently enhance our corporate governance performance by emphasising transparency and a fair and ethical work culture.

The Board of Directors is responsible for setting the Company's long-term strategy and is assisted by ten Board Committees in implementing the strategy.

Committees and their responsibilities

i. Audit Committee

The Audit Committee oversees the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, suficient and credible. It also recommends to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee, among other responsibilities.

ii. Nomination, Compensation and Corporate Governance Committee

As the name suggests, the Nomination, Compensation and Corporate Governance Committee is responsible for the nomination of Executive or Whole-time Directors. It places a policy describing the qualification, experience and other positive attributes for their selection. The Committee also formulates and recommends to the Board a policy relating to the remuneration for the directors, key managerial personnel, Senior Management and other employees from time to time. In addition, the Committee also ensures that all employees follow the governance standards set by the Company.

iii. Stakeholders' Relationship and Securities Transfer Committee

The Stakeholders' Relationship and Securities Transfer Committee looks into the redressal of shareholder and investors complaints or grievances such as transfer and transmission of securities; non-receipt of annual report, notice, declared dividends, interest, redemption amount, etc. and all other securities-holders related matters.

iv. Corporate Social Responsibility (CSR) Committee

The CSR Committee reviews and recommends any new CSR initiatives to be taken up by the Company and reviews the utilisation of budgets allocated for projects already undertaken.

v. Risk Management Committee (RMC)

The RMC reviews the risk management framework and risk appetite of the Company, examines the adequacy and effectiveness of the risk management policy, and ensures appropriate and adequate reporting to the Board, with recommendations where required.

vi. Asset-Liability Management Committee (ALCO)

The ALCO is responsible for managing the long-term and short-term liquidity position of the Company and functions under the overall supervision of the RMC of the Board.

vii. Financial Resources and Management Committee

The Financial Resources and Management Committee is responsible for overseeing and dealing with operational matters from time to time, such as investments, financial arrangements, and allotment of debentures and bonds.

viii. Debenture Committee

The Debenture Committee is responsible for the public issuance of the debentures of the Company.

Fair Practice Code

Manappuram Finance Ltd. has formulated the Fair Practice Code (FPC), which is applicable to all offices and employees of the Company.

Objectives

01 Adopt the best practices in dealings with customers

02 Set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction

03 Follow transparent, fair, ethical and legally tenable practices while conducting business

04 Provide all necessary information and inputs to existing and prospective customers and promote a mutually beneficial long-term relationship

05 Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background

Growth strategy

Strategic 5-year plan

We believe that an organisation is defined not only by the products and services it offers, but also by its ambitions and objectives. Our objective is to continue growing our business with more vigour and improving our offerings.

To stay ahead of the curve, we have charted a 5-year growth plan.

By FY 2025, we aspire to achieve a consistent AUM growth of 15-20% with 25% cross-cycle RoE.

To achieve this, we have set up objectives for each business, which we plan to achieve by FY 2025:

Business	Objectives
Gold loans	• Grow AUM at ~10-15% while maintaining granularity • Focus on new channels including door-step, DSA and online • Continue to drive productivity and efficiency to improve RoA by 100-150 bps
MFI loans	• Grow cross-cycle AUM by ~20% • Continue to de-risk loan book through geo diversification • Maintain strong focus on borrower level indebtedness and collections efficiency
Other loans	• Standalone ROA of 2.0%+ over time for VF, HF and MSME

For the Company as a whole, our objective is to:

- Have strong credit quality, prudent ALM and sustained performance to drive improvement in credit rating
- Target 20-25% Tier 1 ratio
- Focus on digital initiatives to drive improved business outcomes

Our 5-year growth plan is not restricted to financial performance alone. It also extends to our sustainability performance. Our sustainability efforts are tied to our business performance, brand success and reputation, and we will continue to focus on improving our ESG performance:

Environment
- Energy consumption
- Material consumption
- Waste
- Environmental compliance

Social
- Talent management
- Diversity and inclusion
- Community investment
- Socio-economic development
- Employee wellness

Governance
- Ethical practices
- Internal control
- Well-organised management

Branding Initiatives

Brand Manappuram is built on the trust of the people we serve. To create a brand recall and connect with our customers, we undertake a wide range of branding initiatives:

- We promote our offerings and services through village campaigns, loan meals, shop and home visits, pamphlet and brochure distribution
- We undertake door-to-door aware campaigns in villages
- We use the power of social media to advertise our brand
- Many renowned celebrities of the Indian film industry - Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar and Uttam Mohanty - have endorsed our brand

Community initiatives

Towards inclusive growth

We believe that our long-term business success depends on community success. To break down barriers to opportunity and empower communities with education and healthcare, we are undertaking a wide range of initiatives. By combining our business and philanthropic expertise, we want to foster thriving communities.

In 2009, we set up the Manappuram Foundation with a vision to create healthy, educated and happy communities. It operates in and around Valapad region in rural Thrissur.

The main focus areas of the Foundation are quality education, healthcare, development of rural communities and women empowerment.

Quality education

1. **Manappuram Geetha Ravy Public School (Mageet Pubilc School)**

   The school began as a crèche and today, teaches students up to the 8th standard. The modern Montessori method of education is offered to students at subsidised rates, combined with latest technology in education and co-curricular field.

2. **Mukundapuram Public School, Nadavaramba**

   Manappuram Foundation took over the school and today, the school is affiliated to the Indian School Certificate Examination (ICSE) board and offers quality education at minimal rates to the local community, achieving commendable results in academics.

3. **Manappuram Institute of Skill Development (MASkill)**

   The MASkill academy equips youth from coastal belt with employable and recognised skills, under the National Skill Development Council (NSDC) framework. Courses offered include diverse sectors such as hospitality and financial services. The institute ensures 100% placement assistance to enrolled students through association with various corporates in the vicinity.

4. **Academies of Coaching Centres for Professional Courses**

   The four Manappuram Academies strive to bring more white-collar skill into the community. Training is offered in Engineering, Medicine, CA and ICWA disciplines, with students getting access to modern facilities such as digital library, on-line test facility and seminar halls.

Healthcare

1. MAHIMA Counselling and Psychotherapy Centers (MAHIMA)

These centres offer services such as family counselling, student counselling, adolescent counselling and De-addiction counselling through experts in the fields of psychiatry and psychology. The foundation also provides clinical psychologists and speech therapists where required.

2. Yoga Centre (MAYoga), Fitness Centre (MAFit) and Ambulance Services (MAS)

The centres regularly host seminars on fitness, healthy living, stress management and healthy diet and spread awareness on holistic and balanced health to community. In addition, two well-equipped ambulances (one having an ICU facility) serve the coastal area in Thrissur and offer free-of-cost services to accident victims, while general patients can use the ambulance at minimal costs. In FY 2021, we purchased five neonatal ambulances to expand our services.

3. CT scan and MACARE unit expansion

During the year, we purchased and installed a CT scan machine and expanded our MACARE units to become fully automated diagnosis centres by installing the latest medical equipment and machines.

4. Lions Club International projects

In association with Lions Club International, the Foundation conducts large-scale health and awareness programmes on diabetes and its prevention.

Development of rural communities

The Foundation offers financial support to various non-profit institutions for medical aid to society. This includes free dialysis to poor patients; schools for critical infrastructure addition such as library; support for poor farmers engaged in organic farming programs, old-age day care centres, orphanages and families in dire circumstances.

Management Discussion And Analysis

Manappuram finance limited – an overview

Manappuram Finance Limited ('MAFIL' or 'the Company') is a leading Non-banking Financial Company (NBFC) serving the credit requirements of people belonging to the lower socio-economic classes, particularly in rural and semi-urban areas of India. The Company offers a range of retail credit products and financial services. The Company has a diversified lending portfolio across retail, microfinance, small and medium enterprises SMEs and commercial customers. It is the second-largest gold finance NBFC in India. The Company extends loan against the security of used household gold jewellery (henceforth referred as gold loan). The Company's short-term gold loan product is used primarily by customers who require immediate funds and may not have access to other forms of formal credit readily available. The Company competes directly with the informal moneylenders and pawnbrokers, delivering financial inclusion to the marginalised.

The Company's subsidiary, Asirvad Micro Finance Limited [an NBFC-MFI registered with the Reserve Bank of India (RBI)], offers microfinance loans and other financial services to low-income populations in rural and semi-urban India. Through another subsidiary, Manappuram Home Finance Limited, the Company provides loans for construction, extension, purchase and improvement of homes of customers in the affordable housing segment. Manappuram Insurance Brokers Limited, the third subsidiary, is in the business of distributing life and non-life insurance products through tie-ups with various leading insurance companies. The recently acquired Manappuram Comtech and Consultants Limited is an IT products and service company with two decades of experience in providing cost-effective and high-quality IT solutions.

Economic Review

Global economy

To mitigate the impact of the COVID-19 pandemic on their domestic economies, governments and central banks have provided unprecedented and large fiscal and monetary stimuli since March 2020. The International Monetary Fund (IMF) estimates that the total fiscal support pledged in 2020 through additional spending, revenue foregone and liquidity support was about US$ 14 trillion or 13.5% of world GDP. Monetary policy turned even more accommodative with the expansion of asset purchase programmes and launch/extension of special liquidity programmes by central banks. These measures helped global economy regain its revival in momentum in January-March 2021.

The global composite PMI had moderated during November 2020 to January 2021 within the expansion zone as the resurgence of infections across major economies pulled down services activity, especially in the contact-intensive industries. The global financial markets remained buoyant, supported by highly accommodative monetary and fiscal policies and vaccine-led recovery optimism. Stock markets reached record highs in a few jurisdictions in February 2021, despite output being a well-below pre-pandemic path, raising concerns of a disconnect between the markets and the real economy and risks of future financial fragility.

Global commodity prices have been rising since May, after recovering from a plunge in the early part of 2020. The Bloomberg commodity price index increased by 17.8% between September 2020 and March 2021. The food price index of the Food and Agriculture Organization increased by 18.4% between September 2020 and February 2021 – the index was at its highest level in February 2021 since July 2014, with pressures being particularly high for vegetable oil prices due to tightening of availability of supplies among major exporters.

The rapid mutations of the virus caused fresh concerns related to life and livelihoods. The effectiveness of available vaccines and limited availability in many countries keep the near-term outlook clouded and the recovery remains fragile and uneven. Increasing inflation risks due to exceptional monetary and fiscal accommodation, are leading to turbulence in global financial markets and capital flows to emerging markets.

Outlook

The global economic recovery has been gaining momentum, driven mainly by major advanced economies, powered by massive vaccination programmes and stimulus packages. Activity levels remain uneven in major emerging market economies, with downside risks from renewed waves of infections due to contagious mutants of the virus and the relatively slow progress in vaccination. The world merchandise trade continues to recover as external demand resumes, though elevated freight rates and container dislocations are emerging as constraints. CPI inflation is firming up in most large economies, driven by the release of pent-up demand, elevated commodity prices and unfavourable base effects. Inflation in major emerging market economies has been generally close to or above official targets in recent months, pushed up by the sustained rise in global food and commodity prices.

According to the World Bank, the global economy is set to expand 5.6% in 2021, its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies amid highly unequal vaccine access, with many poorer countries facing subdued prospects. By 2022, last year's per capita income losses are not anticipated to be reversed in about two-thirds of emerging market and developing economies.

The actual outcome will depend on how the race against the virus and its mutations is won. Inflation concerns are creeping up at a time when both monetary and fiscal policies are highly accommodative, there are promises of continued low rates for long and demand is recovering. If rising inflation and consequent movements in the bond markets lead to large valuation shifts in equity and other financial markets, it could lead to extreme volatility in global financial markets which could then spill over to emerging economies and impede the nascent global recovery.

A comprehensive set of policies will be required to promote a strong recovery that mitigates inequality and enhances environmental sustainability, ultimately putting economies on a path of green, resilient and inclusive development. Investments in green infrastructure, climate-smart agricultural technologies, and climate resilience—combined with sustainable energy policies—can play a pivotal role in increasing the use of renewable energy sources and lowering greenhouse gas (GHG) emissions.

Indian economy

The increase in daily new cases since mid of February marked the onset of the second wave of COVID infection in India. Despite the surge in cases, the recovery in the economy is resilient with sustained improvement in many high-frequency indicators. The agricultural sector remains the bright spot of the economy with food grains production touching 303.3 million tonnes in FY 2021 beating record production levels for the fifth consecutive year in a row. MGNREGA has functioned as a cushion to insulate the rural economy by generating all-time high work of 3.84 billion person-days during FY 2021, 44.7% higher compared to the previous year.

On the positive side, strengthening demand conditions can be seen in automobile, telecom and power consumptions. Monthly GST collections attained record levels in March 2021. The growth momentum in rail freight traffic remains upbeat, port cargo traffic and domestic transport picked up further. The digital payment upsurge continues unabatedly, powered by the resumption of economic activity, financial inclusion and behavioural shift towards digital payments.

Domestic equity markets recovered in FY 2021 to register a jump of 71% and 68% in NIFTY 50 and Sensex, respectively. The recovery was supported by stimulus measures announced by the government, RBI's liquidity measures and record Foreign Portfolio Investments (FPIs). FY 2021 witnessed a record FPI inflow of US$ 36.2 billion, the highest in a decade after FY 2015. India's foreign exchange reserves reached US$ 582.27 billion – an increase of US$ 142.6 billion over FY 2020. The Central Government raised ₹13.7 trillion as gross market borrowings during FY 2021 at a weighted average borrowing cost of 5.79%, the lowest in 17 years.

In FY 2021, inflation breached the upper tolerance band of 6% for six consecutive months in the post-lockdown period (June-November 2020) due to a series of cost-push shocks – supply chain disruptions, weather shocks, and higher crude oil and other commodity prices. Inflationary pressures persisted despite a bumper kharif harvest. The increase in petrol and diesel prices is showing up in trade and transport costs, taxi and auto fares, and its second-round effects could push up the prices of goods and services further in a broad-based manner, with firms regaining pricing power.

The growth in GDP during 2021 is estimated at -7.3% as compared to 4.0% in 2020, on account of the impact of the COVID-19 pandemic. According to Moody's Investors Service Indian economy would rebound in the fiscal ending March 22 and clock a growth of 9.3%, but a severe second COVID wave has increased risk to India's credit profile and related entities.

Outlook

The forecast of a normal southwest monsoon, the resilience of agriculture and the farm economy, the adoption of COVID compatible operational models by businesses, and the gathering momentum of global recovery are forces that can provide tailwinds to the revival of domestic economic activity when the second wave abates. On the other hand, the spread of COVID-19 infections in rural areas and the dent in urban demand pose downside risks. Ramping up the vaccination drive and bridging the gaps in healthcare infrastructure and vital medical supplies can mitigate the pandemic's devastation.

A normal southwest monsoon along with comfortable buffer stocks should help to keep cereal price pressures in check. On the other hand, the rising trajectory of international crude prices within a broad-based surge in international commodity prices and logistics costs is worsening cost conditions. These developments could keep core price pressures elevated, although weak demand conditions may temper the pass-through to consumer inflation.

RBI is projecting the real GDP growth at 9.5% in FY 2022 consisting of 18.5% in Q1, 7.9 % in Q2, 7.2% in Q3 and 6.6% in Q4 of FY 2022. Similarly, CPI inflation is projected at 5.1% during FY 2022: 5.2% in Q1, 5.4% in Q2, 4.7% in Q3, and 5.3% in Q4 of FY 2022, with risks, broadly balanced.

After battling a historic pandemic in FY2021, the Indian economy is poised to build back better and stronger as reflected in the movement of several high-frequency indicators. The wheels of India's capex cycle have been set into motion, signs of which are imminent in the second half of the year. As the vaccination drive upscales, the country is now well equipped to counter any downside risk posed by the recent surge in COVID-19 cases.

Financial services industry

TThe financial services industry saw a sudden acceleration in digitisation and digital engagement, pushed by the impact of the COVID-19 pandemic. Exchanges shut down their trading floors and moved to remote trading, mobile banking transactions spiked, personal trading apps saw record transaction volumes, and call centre personnel kept customer support going by working from their living rooms. Fintech lending has changed the approach of credit delivery in India through innovative products and real-time solutions. As we move into the age of the new normal, the fintech lending industry will play a crucial role in delivering credit to last-mile borrowers.

Bank credit growth hit a new low for the second year in a row in FY 2021 at 5.56%, the lowest in 59 years. Credit offtake in FY 2021 at ₹ 109.51 trillion was lower than FY 2020's when it had clocked a growth of 6.14%, which was the lowest in as many as 58 years. It was way back in FY 1962 when credit growth was lower than this at 5.38%. The agriculture and allied segment were the only bright spot with growth rising to 12.1% in FY 2021 from 4.1% in FY 2020. The credit growth was very tepid in the first half (until September 2020), but it gathered steam from October in tandem with the sharp economic recovery. The second wave of COVID-19 has made the near-term outlook for credit demand hazy.

The risk aversion was so high among both banks and borrowers that many refused to borrow despite the interest rate plunging by 107 basis points (bps) during the year precisely between February 2020 and February 2021. Risk aversion on the part of banks led to them parking trillions of rupees in excess liquidity with the RBI.

The credit to industry decelerated marginally to 0.4% in March from 0.7% a year ago. However, credit to medium industries grew 28.8% in March against a contraction of 0.7% a year ago. The loans to micro and small industries decelerated to 0.5% in March from 1.7% a year ago. The credit to large industries shrunk 0.8% against 0.6% growth a year ago, the RBI said in a statement. The credit growth to the services sector decelerated to 1.4% in March from 7.4% in March 2020, mainly due to deceleration in credit growth to finance and contraction in credit to professional services. The slowdown in the growth of personal loans continued, as it fell to 10.2% in March from 15.0% a year ago. However, vehicle loans and loans against gold jewellery continued to perform well during the month.

Bank branches in urban, semi-urban and rural areas recorded 9.4%, 14.3% and 14.5% credit growth, respectively, during the year. FY 2021 was a relatively better year for rural credit growth than for lending in urban areas as interior regions was less affected by the spread of the pandemic.

The banking system's credit growth is expected to almost double to 10% in FY 2022 riding on the economic recovery and policy interventions, according to rating agency CRISIL. The quantum of gross non-performing assets (NPAs) could rise to 10.5-11% by the end of FY 2022. The second and third waves of COVID-19 infections are a risk to economic recovery, but it may not result in widespread lockdowns and a faster vaccination drive will also help, the agency said. From a banks' credit growth perspective, the agency said the expansion will accelerate by 4-5% points to 9-10% in FY 2022. The faster credit growth will be led by retail loans, which are expected to grow in the mid-teens, while corporate loans, which de-grew during FY 2021, are also likely to show a 5-6% jump. From an asset quality perspective, the corporate loans will show more resilience, and loans to retail and micro, small and medium enterprises segments will drive up the overall NPAs for banks to 10.5-11%. CRISIL believes that the NPAs would have been higher by one percentage point if not for the policy interventions like a moratorium, one-time debt restructuring and keeping the bankruptcy proceedings on hold.

NBFC industry

NBFCs form an integral part of the Indian financial system by complementing the banking sector in extending credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs) which form the cradle of entrepreneurship and innovation. The double-digit growth registered by NBFCs during the second and third quarters of FY 2021 amid the disruptions caused by the COVID-19 pandemic reflects the resilience of the sector, which were able to cushion the impact of the pandemic on their balance sheets through the quick adoption of technology, policy support and reasonably strong fundamentals. According to RBI data, the consolidated balance sheet of NBFCs registered a y-o-y growth of 13% and 11.6% in Q2 and Q3 of FY 2021 respectively. This deceleration compared to corresponding quarters of FY 2020 could be attributed to the COVID-19 induced economic slowdown and weak demand. The profitability of NBFCs dipped in the immediate aftermath of the COVID-19 in the first quarter of FY 2021, as businesses suffered economic losses due to nationwide lockdowns.

Both Return on Asset (ROA) and Return on Equity (ROE) deteriorated in Q1 FY 2021 compared to the corresponding period in FY 2020. However, the situation improved marginally in Q2 as NBFCs' expenditures registered a steeper fall than income. ROA and ROE improved from 1.8 and 10.3%, respectively in Q2 to 2.3 and 12.7%, respectively. The profitability of the sector remained stable in the Q3. The gross non-performing assets (GNPA) ratio of NBFCs were elevated in Q1 and Q2 compared to the corresponding period in 2019-20. In Q3, both GNPA and net NPA ratios fell compared to Q3 FY 2020. NBFCs posted 4.8% and 2.5% credit growth in Q2 and Q3 of FY 2021 (y-o-y), respectively. Loss of income and livelihoods and subsequent fall in consumption demand, as well as discretionary spending, resulted in NBFCs' credit growth remaining in a modest zone in contrast to their usual robust trend.

Outlook

Fitch Ratings expects India's NBFC to face renewed asset quality and liquidity risks as the second wave of COVID-19 infections sweeps the country and could delay recovery in the sector. The agency said challenges are likely to increase if recent restrictions to contain the pandemic are expanded or prolonged, leading to greater economic and operational disruption. Fitch said the economic impact of these curbs will depend on their duration and severity. Expanded curbs could derail the fragile recovery in India's NBFC sector since a nationwide lockdown was gradually relaxed from mid-2020.

SMEs, commercial vehicle (CV) operators, microfinance and other wholesale borrowers remain at greater risk of stress in this environment, particularly as financial buffers would have narrowed after the severe economic shock over the past year. The production and supply chains remain susceptible to labour shortages if the large-scale urban-to-rural labour migration in 2020 recurs. The national government and authorities in several states have indicated that fresh restrictions will not be as extensive as those in April-June 2020, particularly as vaccine rollout progresses. Consumers and businesses are also likely to better adapt their economic activity to the second wave of restrictions, as seen in other countries.

Regulators appear keenly aware of the credit and liquidity implications of any broad, extended movement curbs, while NBFCs' day-to-day operations are also likely to be able to continue under the latest rules. A resurgence in asset-quality pressure for finance firms could lead to renewed funding strains for the sector, particularly as many government schemes that provided funding relief to NBFIs in 2020 have expired. These include the Partial Credit Guarantee scheme supporting asset-backed securitisation and Special Liquidity Scheme providing government-guaranteed short-term funding relief. Meanwhile, the extension of the Emergency Credit Line Guarantee Scheme for SMEs till June 2021 will offer such borrowers further breathing room.

The overall assets under management (AUM) of NBFCs are estimated to grow at a slower rate of 5% in FY 2022 and are yet to touch the pre-pandemic levels, according to rating agency CRISIL. The biggest constricting factor for the NBFC industry will be funding sources to take care of the liabilities side, it said. Schemes like targeted long-term repo operations have helped the sector. The NBFCs' stressed assets have risen to up to ₹ 1.8 trillion as of March 2021, with segments such as real estate finance, unsecured loans and small business finance being most stressed. NBFCs focused on gold loans and mortgages would be the least affected by the setbacks.

Gold loan industry

The unprecedented adverse impact on economic activity and household finance, as also the rise in gold prices, have both given a boost to the market for gold loans. On the demand side, gold loan uptake is likely to be driven by higher gold prices (implying better value) and the disruption in economic activity, along with tightening credit norms for other secured and unsecured financial products. On the supply side, banks have already started reshaping their strategy towards multi-fold growth in their gold loan assets and leveraging their existing digital lending platforms to make their TAT and pricing more competitive.

The boom in the gold loans segment up to FY 2020 is attributable to favourable gold prices and increased disposable incomes coupled with a high level of rural indebtedness, easy availability of gold loans on very flexible terms, contraction of personal and retail loans by banks and rising acceptability of the idea of pledging gold ornaments. It was also realised that there was potential to expand the gold loans market to the northern and western regions of India, provided the branch network is expanded and the loans are available easily with flexible options. As a result, the specialised gold loan NBFCs initiated an aggressive drive to expand their business, first in southern India and then to other geographies.

For banks, there was no regulatory cap on loan-to-value (LTV), until the January 2014 circular which enforced the same 75% cap for both NBFCs and banks, which somewhat evened out the playing field. The LTV cap was subsequently increased to 90% only for banks temporarily from August 2020 to March 2021. For NBFCs, the period of regulatory uncertainty appears to have passed, even amidst the pandemic, and the specialised gold loan NBFCs have been able to lay the foundations for a more rational, organic and healthy growth over the next few years. According to RBI data, outstanding loans against gold jewellery among banks grew by 131% in FY 2021 to ₹ 600 billion from ₹ 260 billion in FY 2020.

Competitive strategies

Banks have a considerable volume of low-cost money at their disposal which keeps their cost of funds low. As a result, banks can extend gold loans at a lower rate of interest, unlike NBFCs which must raise funds through various other sources for which they need to pay a higher price. However, specialised gold loan NBFCs have put in place successful competitive strategies. Despite the higher rate that NBFCs charge on their products, customers are more likely to approach specialised gold loan NBFCs for availing gold loans for the following reasons:

1. The turnaround time in NBFCs is much faster as compared to banks. This is attributed to a smaller loan ticket size, the desire of the borrower to procure the loan amount as quickly as possible, and the availability of well-trained and experienced employees in the assessment and valuation of the gold collateral being pledged.

2. NBFCs have a geographically wider reach especially in the southern regions with high coverage in non-metro, semi-urban and rural areas. Borrowers keen to avail of

gold loans are more likely to choose a specialised NBFC over a bank if the location is convenient and minimises the risk of travelling a distance with valuable assets.

3. Unlike in banks, employee transfers are less frequent in NBFC branches, which ensures staff are around for much longer and become familiar with the customers in a town or village. Generally, the employees are local and can communicate with the borrowers in the local language which ensures familiarity and comfort particularly while understanding the financial terms and conditions.

4. As the gold loan is only a part of the whole portfolio of a bank, they do not have full-time employees specialised for appraisal and advancing a gold loan. An appraisal is done by a professional appraiser therefore, loans can be extended only when he is available. On the other hand, specialised NBFCs have several trained and specialised employees to appraise collateral and quickly disburse loans. Therefore, a customer can reach out to NBFCs anytime to avail of a gold loan.

Outlook

Rating agency CRISIL says, the correction in gold prices in recent months is not expected to materially impact the asset quality of NBFCs lending against gold. While NBFCs have maintained disbursement LTV below 75%, banks have higher incremental disbursement LTV at 78-82%, and thus need to be more watchful and focus on timely collection of interest and follow LTV discipline.

Specialised gold loan NBFCs have done remarkably well the first half of FY 2021 compared to their bank and generalist NBFC lending counterparts because asset quality was preserved and improved, and customer acquisition (both new and renewals) surged as businesses and households rushed to the gold loan branch counters and digital lending platforms to quickly and effectively meet their enlarged financial needs in a time of widespread economic distress. As such, these players are relatively well-positioned to sustain their performance throughout the pandemic and post-pandemic recovery, particularly as they continue to focus on digitisation and a diverse product mix.

For FY 2021 and FY 2022, the gold loan market expected to grow at a rate of 15-16%, reaching a maximum of ₹ 2.69 trillion by the end of FY 2022. On the demand side, an increasing number of individuals, households, and businesses in India are likely to avail gold loans in a time of higher gold prices implying better returns as well as increased unemployment and double-digit negative economic growth, tightening credit norms for other secured and unsecured financial products, and may continue to borrow on a repeated basis (re-pledging their gold collateral to draw further new loans), thereby leading to a quasi-multiplier effect. On the supply side, banks have already started reshaping their product and growth strategy towards a multi-fold growth in their gold loan assets and leveraging their existing digital lending platforms to make their turnaround time and pricing more competitive.

Microfinance Industry

Given the COVID-19 pandemic, the RBI has allowed a moratorium on term loans from March 1, 2020, to May 31, 2020. Following this, most MFIs extended a moratorium to their borrowers till May 31, 2020. ICRA analysed a sample of 29 MFIs, which constitute around 70% of the MFI industry on a portfolio basis. On a collective basis, the ICRA found total repayment obligations and operational expenditure of around ₹ 80 billion in Q1 FY 2021 against which the on-balance sheet liquidity buffer stood at around ₹ 54 billion. As the collections from borrowers are expected to be remain muted for some time post the moratorium period, the industry stares at a cumulative cash shortfall. As per ICRA's estimates, the shortfall for the ICRA sample stands at around ₹ 26 billion in the absence of any external funding support by way of equity/ additional debtor extension of the moratorium.

The microfinance industry demonstrated strong resilience and the portfolio outstanding of the microfinance sector stood at ₹ 2.54 trillion as of March 2021, with 8.4% y-o-y growth. Delinquency was higher in Q3 and Q4 of FY 2021 compared to pre-COVID levels, according to credit bureau CRIF High Mark.

The report said early delinquency (1-30 days) fell by 3.6% points in March 2021 compared to December 2020 (from 8.7% to 5.1%). Microfinance loans with repayment delays of over 30 days (30+% delinquency) remained high for West Bengal, Assam, and Maharashtra. It showed that banks continued to dominate the microfinance market with a portfolio share of 42% at the end of FY 2021, up from 39.4% in FY 2020. Significantly, SFB's market shares in the last fiscal declined to 16.4% from 19.1%. During the third quarter of FY 202 1, the market shares of banks and SFBs stood at 41.7% and 16.9%, respectively, in the microfinance space. Between Q4 FY 20 and Q3 FY 2021, NBFC-MFIs' market share stood almost the same at around 30%, while it grew to 30.6% at the end of Q4 FY 2021.

The gross loan portfolio (GLP) of banks in the microfinance sector grew 15.5% y-o-y to ₹ 1.06 trillion as of March 2021, while that of small finance banks (SFBs) de-grew 6.6% y-o-y to ₹ 417 billion, according to the report.

Outlook

Ind-Ra and Research said while large NBFC-MFI with an AUM of over ₹ 50 billion, have a stable outlook, small to mid-non-bank MFIs continue to be on a negative outlook for FY 2022. The negative outlook for these entities is also the result of challenges being faced by them in raising funds and managing credit costs that could emerge from urban regions post COVID-19 and in Assam and West Bengal-focused MFIs. The rating agency said for entities that have significant exposure to urban regions and or to West Bengal and Assam, where the easing of lockdowns has been slow, collections are lower at 80-90% of pre-COVID levels, while collection rates have rebounded to 90-95% for others. That apart, it said 2-6% of the clients are such that they are overdue but paying delayed instalments in partial or full. It believes that real wage growth has not been high in the past five years and while MFIs' exposure to a borrower on a consolidated basis has not increased significantly in the last couple of years, the average outstanding per unique borrower is high, especially in Assam and West Bengal at ₹ 50,000-54,000 versus national average of ₹ 35,000-40,000.

Automobile industry

A rear-view assessment of India's automotive sector reveals that it has been facing economic headwinds for the last couple of years. Even before the outbreak of COVID-19 in 2020, there was palpable distress within the automotive industry. All aspects of the industry were severely affected, from the shop floor to retail. While many had hoped for a recovery, the spread of COVID-19 compounded the woes of the sector.

In the space of the last two quarters, the Indian automotive industry has witnessed a V-shaped recovery, quite different from previous recoveries which were spread over two-three years. Personal mobility demand rebounded quickly after the "unlock" phases, as consumers preferred self-owned vehicles to ensure social distancing and reduce dependence on the public transport system.

As the two important segments of the automobile industry – two-wheeler (2W) and CV segments failed to keep pace with the passenger vehicle (PV) segment, the overall automotive market that accounts for 8% of the GDP is now closer to its FY 2015 level. The overall sales (cars + 2W + CV and three-wheelers) for FY 2021 are pegged at 18.8 million units even lower than the 19.7 million units reported in FY 2015.

At the peak, India had seen sales of about 26 million vehicles in FY 2019. This had enabled the union government to collect a tax of approximately ₹ 1-1.2 trillion. Experts estimate this to drop to about 27% in the fiscal year gone by. The impact of lower volume sales in FY 2021 on tax will be cushioned somehow due to the rising average realisation per units. Thus, the fall in the total revenue collected for the union government is expected to be less severe due to the implementation of new emission norms which pushed up prices by 5-15% across vehicle segments.

In the personal mobility segment, the post corona recovery has created a major divergence in the growth of PV and 2W, where growth has moderated compared with PV. The 2W industry is estimated to contract mid-teen rate in FY 2021, after having declined by 18% in the FY 2020. The cumulative volume of the 2W in FY 2021 is around 15 million, the lowest since FY 2014 and 30% lower than peak volume in FY 2019. The 10-year CAGR growth of 2W slipped to 2.35% compared with the average growth between FY 2015-19. At 2.7 million units the car market declined 4% which has consequently pulled the 10-year CAGR for the passenger vehicle to just 1% in FY 2021 compared with 9% between FY2015-19.

According to data released by the auto industry body, Society of Indian Automobile Manufacturers (SIAM) the sales of PV in India reduced by over 2% in FY 2021. The industry registered sales of 2,711,457 units as compared to 2,773,519 units in FY 2020. 2W dispatches also declined in the same period. Sale of units from manufacturer to dealer reduced by 13.18%. In FY 2020, the industry provided 17,416,432 units to dealerships, whereas in FY 2021 the industry only registered wholesale of 15,119,387 units.

Total CV sales declined by 20.77% to 568,559 units last financial year, as against 717,593 units in FY 2020. The sale of three-wheelers saw a substantial drop of 66.06% after the pandemic put a halt to most public movement in the first half. In FY 2021 216,197 units were sold to dealers, as against 637,065 units in FY 2020. Vehicle sales across categories declined by 13.6% to 18,615,588 units, as against 21,545,551 units in the year-ago period.

Growth Drivers

Emerging middle-class

By 2021, India's emerging, and middle-class segments will comprise nearly 900 million people, and the auto industry in India is expected to benefit greatly from this growth. A middle-class consumption-led growth is also likely to influence the overall economy positively, driving up the demand for consumer and CV.

Infrastructure development

India has made significant progress in building new roads, highways, expressways, and support infrastructure such as airports, ports, railways and power plants. The expansion and transformation of our core infrastructure is also a major driver of growth for the auto industry. While urban consumers have so far driven India's remarkable automotive growth, the government's vision for economic growth and development across all strata of the country will pave the way for the launch of new products in this segment. The initiatives are expected to help the automotive industry develop new mobility solutions such as intelligent transportation systems, alternative fuel vehicles and smart and connected vehicles targeted at the 'smart cities' of the future.

Rural economy

The automobile industry is yet to tap into the demand from rural areas fully. The Indian automobile industry seeks to double its sales on the back of this steady semi-urban and rural led growth over the next decade. It is also expected to grow off relatively untapped segments including demand from youth, women and aspiration for luxury cars.

Outlook

Ind-Ra revised the outlook for the auto sector to 'improving for the financial year 2022' from negative, backed by likely revival across segments, positive consumer sentiments amid macroeconomic tailwinds after recovering from the COVID-19 pandemic. The rating agency said it expects auto volumes to rebound at 16-20% y-o-y in FY 2022 after recording an estimated decline of 14-18% y-o-y in FY 2021.

Ind-Ra expects PV, 2W and CV to record a decline of 5-8%, 13-16% and 30-35% y-o-y, respectively in FY 2021. For the PV and 2Ws segment, the continued preference for personal mobility and demand across the urban and rural markets would be positive, with an estimated growth of 18-22% and 16-20%, respectively, in FY 2022.

The lower growth in 2Ws than PVs could be because of their increased cost of ownership, it said. The CV segment could record high double-digit growth in FY 2022 of 25-30% aided by an uptick in industrial production, increased infrastructure/construction activities and a low base owing to the slowdown over FY 2021. Nevertheless, the monthly sales in the CV segment are likely to achieve FY 2018 levels only by the second half of FY 2022, it said, adding it expects limited rating movements in the sector in FY 2022 and has thus maintained a stable rating outlook.

Ind-Ra said though the details of the proposed vehicle scrappage policy are yet to be announced, it could help create incremental demand if incentives are attractive for consumers. Rising fuel prices and original equipment manufacturers mulling for another price hike amid increasing input costs could act as possible headwinds for the sector.

Housing finance

The COVID-19 made people rethink their home buying and investments plans. The concept is to invest in a home, either to live or to leverage it as an asset that could generate an extra source of income, mainly to be used in a crisis period. Millennials are more comfortable with home loans, while banks are launching digital technology to disburse loans faster. In 2020, the RBI cut the repo rates, which led home loan interest to a record low of 7%. To make home-buying more lucrative, many banks have come forward to reduce interest on home loans. The RBI also has rationalised the risk weights and linked them to LTV ratios for all new home loans sanctioned up to March 31, 2022. This would make home-buying attractive for both borrowers as well as lenders.

The overall share of combined individual housing loans of Housing Finance Companies (HFCs) and banks with GDP (at market price) stood at 9.8% at the end of FY 2020 with an outstanding of around ₹ 20 trillion. Within the housing finance market in India, the HFCs and banks collectively constitute the majority share. The share of HFCs in the individual housing loans market increased from 38% in FY 2018 to 39% in FY 2020 while that of SCBs reduced from 62% in FY 2018 to 61% in FY 2020. During FY 2021 itself, HFCs and public sector banks collectively disbursed individual housing loans of around ₹ 4 trillion towards 3.5 million housing units.

In 2020, HFC's witnessed weakened key performance parameters – liquidity, solvency, asset quality and earnings. Currently, the HFCs are facing asset quality challenges. Delays in completion of housing projects cost overruns due to the unavailability of labour and delayed investments by buyers in the affordable housing sector affecting the market. The overall HFC credit in India is estimated at ₹ 11.3 trillion as of December 31, 2020, with exposures across home loans (HL), loan against property (LAP), construction finance (CF) and lease rental discounting (LRD). The COVID-19-induced disruptions moderated the portfolio growth in 9M FY 2021. Excluding the portfolio of one large player, the portfolio growth in 9M FY 2020 (compared to March-20) was at 4.3%. Most HFCs have increased their disbursements and expect to witness further growth in their portfolio in Q4 FY 2021.

On the regulatory front, a recent circular by RBI on February 17, 2021, which supersedes the earlier issued directions by the National Housing Bank (NHB) and the RBI, provides a consolidated regulatory framework applicable to HFCs.

Ind-Ra has maintained a stable outlook on affordable HFCs and a negative outlook on large HFCs for FY 2021 and overall loan growth of HFCs to moderate to 6% y-o-y in FY 2021.

Outlook

After a growth moderation in FY 2021, NBFCs are estimated to witness a 9.5% jump in their assets under management in FY 2022. HFCs may post a higher growth at 10% as home sales go up, Ind-Ra said, maintaining its 'stable' outlook on both NBFCs and HFCs for FY 2022. It estimated the growth to slow down to 4-5% for NBFCs and 6.5% for HFCs in FY 2021, driven largely by the impact of the pandemic.

The rating agency said that the system liquidity has improved considerably while many large non-banks have strengthened their capital buffers and the sector has started witnessing disbursement growth.

Insurance industry

The ongoing COVID-19 pandemic drastically shifted consumer needs, habits and expectations, while compelling digitalisation of operations overnight. The novel coronavirus triggered a range of structural changes across all sectors and the insurance industry was no exception. The year saw much important planning go awry with working from home and dealing with clients virtually becoming the new normal for an industry that traditionally relies on face-to-face communication. Fortunately, during these tough times, the Indian insurance industry buckled up efficiently. The industry made the best use of technology to provide the greatest possible support to customers in buying the right protection products. This year, the Indian insurance industry is mostly expected to search for growth through new service-based models, innovative products and a better focus on prevention.

In March, the new business profit (NBP) of life insurers grew by 70% to ₹ 434 billion from ₹ 254 billion a year ago. March is one of the most productive months for the life insurance sector as they source a lot of business from people who buy policies during this month to save up on income tax. The unusual rise in NBP in March 2021, may also be attributed to the fact that last year in March the COVID-19 pandemic had struck, resulting in a stringent lockdown. Life insurers had lost a fortnight of their most productive time. Last year in March (2020), the NBP of life insurance companies had declined 32%, owing to the disruption caused by the spread of COVID-19 and the subsequent lockdown enforced by the government to contain its spread.

In FY 2021, the NBP of life insurers rose 7.5% to ₹ 2.78 trillion compared to ₹ 2.58 trillion in FY 2020. This is still lower than the growth the industry had seen in FY 2020. In the last fiscal year, life insurers saw NBP grow 20.6% to ₹ 2.58 trillion compared to ₹ 2.14 trillion in FY 2019. In March 2021, private insurers, 23, saw their NBP grow at 83.52%, for the full year (FY 2021), the NBP of private insurers recorded a 16% growth to ₹ 941 billion. Similarly, state-owned insurance behemoth - Life Insurance Corporation (LIC) - in March recorded 65% growth in NBP to ₹ 281 billion while for the full year (FY 2021), LIC's NBP was 3.5% to ₹ 1.84 trillion. Gross premiums underwritten by non-life insurers grew by 5.2% to ₹ 1.99 trillion (US$ 26.4 billion) for FY 2021, according to preliminary data from the IRDAI.

The pandemic year of FY 2021 ended on a strong note for the non-life insurance industry as the March 2021 monthly numbers reported a 23.4% growth. Further as anticipated the yearly numbers too showed a single-digit growth of 5.2%. Non-life insurance premium reached ₹ 193 billion for March 2021 compared to ₹ 156 billion in March 2020. Growth has continued to be driven by the fire and health insurance segments.

In FY 2021, the general insurers have broadly moved away from crop insurance, and the specialised PSU insurers have taken their place - the comparison of segmental growth rates is not appropriate. General insurers continue to maintain the highest share; however, the growth can be attributed to the health portfolios of these companies. Despite the manifold challenges present in the current scenario, the non-life industry ended FY 2021 on a positive note. The growth was driven by the private sector which grew at a much faster pace compared to the public sector. Within the various segments, fire and retail health has contributed to the growth in the industry; however, the growth momentum was pulled back by the fall in motor insurance premiums. In FY 2022, along with the expected uptick in the health segment, any increase in the premium levels of the motor TP segment, which was held steady in FY 2021, could drive the non-life premiums.

General insurers delivered 7% (ex-crop) premium growth in FY 2021 despite a 2% y-o-y decline in motor premiums. Fire (up 27%) and retail health (up 28%) were key growth drivers. A gradual pick-up in motor premiums is likely to support growth in FY 2022, though retail health and fire will likely moderate on a high base. Motor premiums increased 22% y-o-y in March 2021 (low base of 7% y-o-y decline in March 2021). Motor premiums have gradually increased over the past few months. Increasing new vehicle sales, gradual rise in freight volumes and utilisation rates supported premiums. Motor premiums declined 2% y-o-y for FY 2021 due to weakness in new vehicle sales during H1 FY 2021 and lower freight volumes due to lockdown-related disruptions delaying renewals. We expect motor premiums to report modest growth in FY 2022 on the low base of FY 2021 though premium growth remains contingent on an increase in auto sales (on a low base), any likely disruption in mobility due to the second wave and hike in motor third-party (TP) premiums (flat since FY 2020).

The share of retail health premiums in overall general insurance premiums (ex-crop) increased to 16% in FY 2021 from 13% over FY 2018-20. Growth in the fire segment was strong at 27% y-o-y in FY 2021 (up 35% y-o-y in FY 2020), but tepid at 8% y-o-y in March 2021 (flat y-o-y in February 2021). Growth in nine months of FY 2021 at 33% y-o-y was due to price hikes incurred post-January 2020 due to the rise in reinsurance rates.

Life insurers reported stellar individual annualised premium equivalent (APE) growth of 90% y-o-y in March 2021 (on a low base) translating to 40% y-o-y growth in Q4 FY 2021 and 8% y-o-y for FY 2021. Two-year individual APE CAGR was, however, modest at 7% in March 2021 and 6% for FY 2021. Individual protection supported growth in H1 FY 2021, while Unit-linked Insurance plans (ULIP) started to revive from Q3 FY 2021. Demand for non-par savings retained strong momentum throughout the year, likely reflecting investor preference to lock into a fixed rate in a falling rate regime, coupled with an increase in the appetite of life insurers to underwrite such products due to the availability of FRAs. Credit life was weak in H1 FY 2021 due to lower disbursement volumes but picked up swiftly in H2 FY 2021; home loan disbursements reached peak levels for most players in the second half led by strong growth in real estate sales. LIC reported a 2% two-year individual APE CAGR in FY 2021.

Outlook

The life insurance industry in India is expected to grow by 14-15% annually for the next three to five years. Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance. Indian insurance market enjoys favourable demographics (over 60% working-age population). Wide-ranging products are available in the market focusing on protection, savings, wealth creation, health and pensions. New models of distribution, such as the multi-company distributor model and online distribution models are slowly but steadily picking up. Bundling of products with existing financial services and other products provide an excellent business opportunity. There is an increasing demand for short-term policies.

Helped by higher growth in health and motor insurance segments, the general insurance industry is likely to clock a 7-9% growth in gross direct premium income (GDPI) in the FY 2022, ICRA Ratings said in a report. In FY 2021, the industry's total GDPI grew 4% y-o-y to ₹ 1.85 trillion. While public sector insurance companies were slower to adjust to an online mode of growth, the reliance on physical meetings was higher which resulted in a two per cent y-o-y decline in business (₹ 718 billion in FY 2021), the credit rating agency said in the report. The private sector companies reported an eight per cent y-o-y increase in gross direct premium income (GDPI) to ₹ 1.13 trillion in the same period.

According to Financial Sector Ratings, they expect a 7-9% growth in GDPI in FY 2022, supported by growth in the health segment and an uptick in the motor segment. They said that despite underwriting losses, the sector is expected to report marginal return on equity (3-4.5%) in FY 2022, largely supported by investment income which is highly regulated by the IRDAI, the sector regulator. The PSU insurers are expected to report marginal GDPI growth of 4-5% in FY 2022 as most of them remain stretched on their solvency profile given reported losses. The state-owned insurers are expected to post high underwriting losses of ₹ 124-135 billion in the current financial year. The agency also expects consolidation among the smaller players in the industry. The regulatory approval for foreign joint venture (JV) partner to increase stake to 74% is expected to provide capital and operational control among the smaller entities with a foreign JV, they added.

Business review

The Company provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly, and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast loan appraisal and disbursements make the Company the preferred choice for customers. An established reach and network allows the Company to cater to the remotest of geographies in India. The Company has a significant business presence in semi-urban and rural areas.

Focus on the customer is one of the critical factors that has driven the Company's policies. A robust business model and an insight into the needs of its customers give the Company a competitive edge. Better risk management has also contributed to the Company achieving commendable growth. Technology deployment has resulted in superior sales productivity, better market coverage, improved channelisation and customer experience.

The Company is the second largest NBFC operating in the gold loan segment with a consolidated AUM of ₹ 272 billion (FY 2021), of which gold loans account for ₹ 191 billion. It has a robust pan-India presence through its 4,637 strong network of branches (on a consolidated basis), spread across 28 states and four union territories, serving an active customer base of more than 5.14 million.

Business performance in FY 2021

The Company's performance during the year represents continued progress along the lines of its stated objectives of growth, without sacrificing profitability or taking on undue risk. We have achieved a good increase in business volumes and profitability and are well placed to keep up the momentum. Our consolidated AUM has crossed ₹ 272.24 billion. Consolidated AUM increased by 7.9% led mainly by growth in gold loans. Consolidated PAT (after minority interest) stood at ₹ 17.25 billion, a growth of 16.55%. We reported ROE (on a consolidated basis) of 26.20% and ROA of 5.61% for FY 2021.

Growth in our main business of gold loan (which constituted 70% of consolidated AUM) was better than prior guidance and our gold loan AUM increased by 12.44%, despite the industry facing several challenges in the past 12 months such as lockdowns and disruptions to economic activity and a slowdown in consumption. The average life of the gold loan is around 100 days only. With average LTV of around 71% and average ticket size of about ₹ 44.6 our gold loan portfolio is quite well insulated against gold price fluctuation.

The gold holdings stood at 65.30 tonnes as of March 31, 2021, and the tonnage decreased by 9.79% over the year. The total number of gold loan customers stood at 2.59 million. The gold loan book stood at ₹ 191 billion. Auctions during the year were ₹ 4.12 billion. We follow a policy of making regular auctions on overdue accounts. The weighted average LTV stands at ₹ 2,922 per gram. Fresh gold loan disbursements during the year were ₹ 2,638 billion compared to ₹ 1,689 billion in FY2020. The online gold loan (OGL) book accounted for 54% of the total gold loan.

Our diversification initiatives are doing well. India's automobile sector has borne the brunt of the economic slowdown, but our CV finance business has performed quite well with low early delinquencies and attractive unique economics. Our housing loan portfolio is relatively small and has been steady in terms of asset quality. During the quarter, we consciously chose to reduce our on-lending portfolio that is launched to smaller NBFCs and MFIs. Given the stress in the macroeconomic environment, the on-lending portfolio has been consciously reduced from ₹ 5.8 billion in March 2020 to ₹ 1.83 billion as of March 31, 2021. Overall, the non-gold portfolio now accounts for 30% of the consolidated AUM.

Our microfinance subsidiary, Asirvad Micro Finance Limited. continued to be an industry outperformer with its AUM crossing ₹ 59.85 billion, clocking an increase of 8.78%. Considering the experience of microfinance in India and its susceptibility to region or state-specific issues and problems, Asirvad Micro Finance has capped lending per state at 10%. Further, it also follows an additional cap of 1% for the district level.

Asirvad delivered ROE of 1.6% in FY 2021 and is now among the lowest cost providers of microfinance loans in India. The Company is rated AA minus stable by CRISIL, the highest credit rating in the MFI sector. For FY 2021, Asirvad made a profit of ₹ 168.8 million. Incidentally, in the Ind-AS transition, the Company has provided 100% for loans due over 90 days. Asirvad currently serves 2.41 million customers through a network of 1,062 branches, with 7,233 employees and with a presence in 24 states, making it the fourth largest NBFC MFI in the country. The Company has a capital adequacy ratio of 23.33%.

Vehicle Finance business reported an AUM of ₹ 10.53 billion business and the business is now carried out of 222 branches across 22 states. The home loan business had a total loan book of ₹ 6.66 billion, which is up 5.82%. It operates 47 branches and reported a profit of ₹ 102.9 million during FY 2021. Loan to corporates has shrunk by 67% to ₹ 1.8 billion.

The total consolidated borrowing stood at ₹ 227.16 billion. Our average cost of borrowing in FY 2021 has reduced to 8.8% from 9.5% last year. On the liquidity front, we have not faced any issues in raising funds for growth, even at the peak of a liquidity crisis. We do not expect any funding challenges to come in the way of our plans and are comfortably placed with our ALM.

We benefited from significant operating leverage as overall operating expenditure has come down by 13.6%, while the AUM grew by 7.9% during the year. We expect to continue to drive the benefit of operating leverage going forward. Our employee costs increased by 1.5% to ₹8.43 billion for the fiscal. There is a rent reversal of ₹ 1,269 million dues to the adoption of Ind-AS 116 'Leases' in the year. Similarly, our finance cost and depreciation have gone up by ₹ 476 million and ₹ 833 million, respectively, due to Ind-AS 116.

Provisions and write-offs for the standalone entity during the year were ₹ 1.29 billion. Our gross NPAs was 1.92 % as compared to 0.88% in the last fiscal. Losses due to theft, spurious gold, etc. only amount to 0.08% of AUM. The Company's consolidated net worth stood at ₹ 73.07 billion and the capital adequacy at 29.02%. The book value per share stands at ₹ 86.93 of diversified business, and the Board has declared a dividend totalling ₹ 1.25 during FY 2021.

Digital transformation

We embarked on a digital transformation journey across the value chain. The route encompassed four areas of focus – digitising operations for scale, mobile interfaces for servicing customers, unified data architecture and analytics for single customer view, and leveraging new technologies for new businesses.

Our lending functions are supported in-house; we custom developed information technology platform that allows us to record relevant customer details, approve and disburse the loan. Our technology platform also handles internal audit, risk monitoring and management of credit and pledged gold related information. Our employees undergo periodic training related to the evaluation of the worth and authenticity of the gold that is pledged with us.

Our Mobile App has won wide acceptance from our customers, with over 70 million now using it to make digital payments, avail a new gold loan or close an existing loan, make other online EMI payments. Nearly a million customers are using our digital platform for transacting with us on regular basis etc. We are continuously strengthening our IT and data infrastructure to be future-ready and ahead of the industry in innovation.

Credit rating

The credit rating details of the Company as of March 31, 2021 were as follows

Credit rating agency	Type of facility	March 31, 2021		March 31, 2020	
		₹ million	Rating	₹ million	Rating
Brickwork	Non-convertible debentures (NCDs	10,030	BWR AA+ (Stable)	10,030	BWR AA+ (Stable)
	Bank loan facility	70,000	BWR AA+ (Stable)	70,000	BWR AA+ (Stable)
CRISIL	Bank loan facility	50,000	CRISIL AA/ Stable	50,000	CRISIL AA/ Stable
	Non-Convertible Debenture	47,151	CRISIL AA/ Stable	40,075	CRISIL AA/ Stable
	Commercial Paper	40,000	CRISIL A1+	40,000	CRISIL A1+
	PCG DA	1,000	CRISIL AA (SO) Equivalent	1,000	CRISIL AA (SO) Equivalent
	Principal Protected Market Linked Debenture	5,000	CRISIL PP - MLD AA r/Stable	NA	NA
ICRA	Non-convertible Debentures	NA	NA	2,701	Withdrawn
	Pass-through certificates	NA	NA	427	ICRA AAA(SO)
CARE	Bank loan facility long term	60,444	CARE AA Stable	60,874	CARE AA Stable
	Bank loan facility short term	29,556	CARE A1+	29,126	CARE A1+
	Non-convertible Debentures	30,972	CARE AA Stable	21,500	CARE AA Stable
	Commercial Paper	40,000	CARE A1+	40,000	CARE A1+
S&P	Senior Secured Bond	21,288	B+/Stable	21,288	BB-/Stable
FITCH	Senior Secured Bond	21,288	BB-/Stable	21,288	BB-/Stable

The ratings mentioned above were reaffirmed by the rating agencies during FY 2021. With the above rating affirmations, the Company continues to enjoy a high level of rating from all major rating agencies at the same time.

Asset quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The Company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. Gross NPA has increased from 0.88% in FY 2020 to 1.92% in FY 2021 and net NPA increased from 0.47% in FY 2020 to 1.53% in FY 2021.

Swot Analysis

Strengths

i. Strong track record in financing against gold jewellery

Manappuram has been in the gold loan business for more than 60 years. Based on this industry experience, we have designed an appropriate assessment and underwriting methodology. We have a substantial brand value and reputation in India. Reputation and trust play a significant role in this financing segment as it assures the customer of credibility.

ii. Adequate Capitalisation

We have a healthy capital adequacy ratio of 29.02% as of March 31, 2021. Lower asset-side risk also supports capitalisation. AUM in the gold loan segment is expected to grow moderately over the medium term. Also, other parts (affordable housing finance, loans against property, and CV finance) have a relatively small scale.

iii. Stable Funding Profile

Around 14.4% of the consolidated borrowing (including off-balance sheet funding through securitisation and ECBs) was from banks (public and private) and financial institutions with which we had established relationships. This source is stable and cost competitive. We have also raised funds from long-term capital market instruments such as NCDs and subordinated debt. As microfinance and CV portfolios are securitised, it further widens the funding sources.

iv. Strong profitability

Profitability has improved during FY 2021. The substantial improvement is partly attributable to reduced auction losses consequent to the shift to short-tenure products of three months along with a focus on regular interest collection. The ability to limit operating cost will be critical for stability in profitability. Also, restricting credit costs in the non-gold finance segments, as they grow, will remain a key factor.

Weakness / Area Of Improvement

a. Geographical concentration in revenue

Operations have a significant regional focus compared to large NBFCs. South India accounted for about 63% of the total AUM as of March 31, 2021, though this has reduced from 82% as of March 31, 2012. About 40% of the microfinance portfolio is in the southern states: Tamil Nadu, Karnataka, and Kerala. Given the enormous size of the gold loan book compared with other segments, and the dominant presence of the gold loan business in south Indian states, revenue is likely to continue to be concentrated geographically and in terms of the asset class over the medium-term.

b. Challenges associated with non-gold loan segments

Growth, asset quality, and profitability in the non-gold loan businesses have not stabilised fully. The collection efficiency in the microfinance and housing finance portfolios was affected during FY 2017 following demonetisation and likewise in FY 2021 due to the pandemic. Increased credit cost could impact Asirvad's profitability. Similarly, the housing finance portfolio requires further seasoning. Delinquencies have inched up against the backdrop of the pandemic-related disruptions and requires close monitoring. The CV portfolio had been growing at a fast pace (until the onset of the pandemic) and operations have attained a measure of stability.

Opportunities

I. Untapped Potential

The core business of the Company, of providing gold loans, continues to offer excellent growth potential. The World Gold Council estimates privately held gold to be anywhere between 20,000 to 25,000 tonnes in India. The gold loans business model aims primarily to impart liquidity to this stock, which is still mostly untapped.

II. Level Playing Field

With the RBI now prescribing a uniform cap on LTV of 75% for both banks and NBFCs, there is a level playing field that benefits NBFCs. Further, the volatility exhibited by gold price over the last two to three years has visibly dampened the enthusiasm for the gold loan business among banks, which translates into a less aggressive stance in the market.

III. Continuing Opportunities In The Unorganised Sector

Proximity is essential for choosing a given type of financial institution when availing of a gold loan. People prefer convenience over other factors; transaction cost plays a vital role in the financial behaviour of a client. Despite the growing network of the formal sector, the informal sector continues to dominate the overall market for gold loans, which presents an opportunity to expand the network and win over the business from the informal sector.

IV. Technology Innovations

We had rolled out an advanced Online Gold Loan (OGL) product that is cashless and available to the customer 24x7. Given the convenience, and the fact that cash disbursements are being increasingly more regulated, OGL is well poised to take over a larger share of the market.

Threats

As gold loan constitutes 70% of the consolidated advances of the Company, a sharp decline in the price of gold within a short period may adversely affect repayments and limit growth prospects.

- Business is highly regulated, and it may be adversely affected by future regulatory changes.
- Financial performance is vulnerable to interest rate risk, as most of the funding is from banking channels.
- AUM growth can be negatively impacted by a decline in the gold price.
- Greater competition from NBFCs/banks/fintech could impact growth in AUM and profits.

6. Managing Attrition:

While growth prospects remain good, client and employee attrition could result in scalability challenges for the sector. Employee attrition was around 25% at the field level (mainly from the ranks of those with two years of service or less), further training needs are likely to change as we move towards higher automation of processes and higher ticket sizes. Client attrition rates have also increased with increased competition leading to pressure on the field staff to continuously acquire clients and penetrate newer geographies for maintaining good client growth rates.

7. Improving Geographical Mix And Asset Quality

The geographic combination of the industry has been developing at the state and district levels. Karnataka and Telangana remained in the top two states in terms of the portfolio as of March 31, 2021.

An analysis of the portfolio cuts of MFIs reveals that ticket sizes and loan tenures are rising. While the opportunity to scale up and grow remains intact, there is a need for more involved credit analysis and assessment of the actual debt repayment capacity of the borrower. Further, there is a need for aligned risk management policies in the sector for responsible and sustainable growth. The overall indebtedness of the borrower from all formal sources should be considered for leveraging calculations rather than for compliance with regulatory norms. Given that the target segment for microfinance-focussed lending by MFIs, SFB licensees and commercial banks is the same, both lenders and regulators need to critically reassess the guidelines from a risk perspective and maintain the core objective of ensuring that the end borrower is not overleveraged.

The asset quality indicators should be supported, over the medium term, by structural factors such as group selection-elimination and the fact that MFIs represent the lowest cost of funding for borrowers. Nevertheless, the segment remains vulnerable to income shocks and is politically sensitive. Therefore, ICRA expects credit costs for the sector to remain volatile with low credit costs at 1.5-2.5%, which could vary among players across cycles, depending on their risk management practices.

8. Capital Requirement

ICRA expects the sector would need external capital of ₹ 60-90 billion for the next three years to meet the growth plans. While raising money is unlikely to be a significant impediment for well-managed large MFIs/ SFBs, the smaller entities may continue to struggle to mobilise equity capital. This could lead to some of the smaller MFIs choosing to originate more portfolio through the BC model as partners to the larger lenders in order to conserve capital.

9. Liquidity

In addition to the capital flow that aided the liquidity profile of MFIs in the past, the priority sector status attached to the bank loans, off-balance sheet funding (mostly assignments) of MFIs, and shorter tenures support liquidity profile.

However, incremental funding requirements for the MFIs are likely to remain high given the growth aspirations and the need to maintain disbursement levels for servicing the existing client requirements as well. At the same time, the recent volatility in the wholesale market is likely to keep the cost of funds elevated for these MFIs especially since these players are highly dependent on wholesale funding sources. Overall, the availability of new funding would be a key factor impacting MFIs' liquidity profiles going forward.

FINANCIAL REVIEW

The following table presents Company's standalone and Consolidated abridged financials for the fiscal year 2020-21, including revenues, expenses and profits.

Consolidated results at a glance

₹ In billion

Particulars	FY 2020	FY 2021	% growth
Income from operations	54.65	63.31	15.83%
Profit before tax	20.07	23.16	15.38%
Profit after tax (after minority interest)	14.80	17.25	16.53%
AUM	252.25	272.24	7.92%
Net worth	57.46	73.07	27.17%
RoA (%)	5.90	5.61	
RoE (%)	28.40	26.17	
No. of branches	4,622	4,637	
Total no. of employees	27,726	**30,522**	

Standalone results at a glance

₹ In billion

Particulars	FY 2020	FY 2021	% growth
AUM	191.22	205.73	7.59
Gold loan AUM	169.67	190.77	12.4
Gold holding (tonnes)	72.39	65.33	-
Live gold loan customers (million)	2.62	2.59	-
Gold loans disbursed	1,689.09	2,638.33	56.2
Capital adequacy ratio	21.74	29.02	
Cost of fund	9.29	9.12	
Gross NPA (%)	0.88	1.92	
Net NPA (%)	0.47	1.53	
Number of branches	3,529	3,524	
CV loans (AUM)	13.44	**10.53**	-21.70

The other business verticals of our Company include 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.

A more detailed discussion of the non-gold businesses of the Company is available in the Director's report on Page 74

Key Financial Ratios

₹ In billion

Particulars	FY 2020	FY 2021
Return on Net Worth (%)	25.13	27.47
Basic EPS (after exceptional items)	14.58	20.0
Interest Coverage Ratio	2.21	2.32
Current Ratio	1.97	2.34
Debt Equity Ratio	3.30	2.56
Operating Profit Margin (%)	71.24	-
Net Profit Margin (%)	32.54	**32.5**

Detailed explanation of ratios

i. Return on Net Worth

Return on Net Worth (RONW) increased over the period from 25.13% to 27.47%, on account of 16.53% growth in the profit after tax.

ii. Basic EPS

Earnings per Share (EPS), showed improvement of 37.74% from ₹ 14.58 per share to ₹ 20.08 per share, due to improved profit after tax, as explained above.

iii. Interest Coverage Ratio (x)

The Interest Coverage Ratio remained in-line with the previous year at 2.32 in FY 2021 similar to 2.21 in FY 2020.

iv. Current Ratio (x)

The Current Ratio of the Company improved from 1.97 in FY 2020 to 2.34 in FY 2021, as the Company made a conscious decision to improve its liquidity profile and shifted the funding profile towards long term liabilities, even though the assets remained essentially short-term in nature.

v. Debt Equity Ratio (x)

The leverage decreased to 2.56 in FY 2021 from 3.30 in FY 2020 as the Company expanded its business significantly, with AUM increasing by 8% over the period.

vi. Operating Profit Margin (%)

Improvement in the operating profit margin from 71.24 in FY 2020 to 77.13 in FY 2021 may be attributed to the cost reduction measures undertaken in the previous years, the impact of which is observed in the financial year FY 2021.

vii. Net Profit Margin (%)

The net profit margin also improved from 28.41 in FY 2019-20 to 32.54 in FY2020-21 as the lower tax rates and improved business volumes resulted in higher profit in relation to the turnover.

Risk Management

Risk management forms an integral part of our business. The key risks are Credit Risk, Interest Rate Risk, Market Risk (collateral price), Liquidity Risk and Operational Risk. These risks, if not effectively managed may have a bearing on our financial strength and operations. Bearing this in mind, we continuously improve our risk management policies and procedures and implement them rigorously for the efficient functioning of our businesses. The key objective in the risk management processes is to measure and monitor the risks and effectively contain these within acceptable limits.

The Company has the Board approved 'Enterprise Risk Management Policy and Framework' and various other risk management policies relating to the Credit Risk Management, Liquidity Risk Management, Risk Tolerance among others and its implementation is supervised by the Board of Director's Risk Management Committee (RMC). RMC periodically reviews various risk levels and their movement, composition of the assets and liability portfolios, the status of impaired assets, recovery/ collection etc. Risk Management functions of the Company are independent of the business sourcing units, headed by the Chief Risk Officer, reporting directly to MD & CEO.

Risk Management Process

The risk management system includes the following key elements

- Objectives and principles driving the strategy

Assignment and monitoring of responsibilities.

- Framework and reporting cycle to identify, assess, manage, monitor and report the risks
- Combination of 'top-down' and 'bottom-up' risk assessment and management process
- Risk monitoring plan, outlining the review, challenge and oversight activities
- Reporting procedures ensuring active monitoring and management of risk at all levels
- Embedded robust risk management culture across all levels of the Company

The risk management framework operates on the assessment of risks through proper analysis and understanding before undertaking any transactions and changing or implementing processes and systems. Regular review, stress testing and scenario analysis of portfolios, self-assessments control and monitoring of key risk indicators enhance the risk management framework. The key risks are:

Credit Risk

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or other counterparties.

The Company has credit risk frameworks, policies, procedures and systems for managing the credit risk. The Company has a well laid out loan/collateral appraisal system and procedures for all loans. Management of credit risk rests on the process for evaluating the creditworthiness of customers, transparent and fair valuation of the collateral and prudential loan to value limit. Our credit policies for non-gold loans ensure evaluation of various factors including income, demography, credit history and other indebtedness of the borrower, loan to value ratio, the tenor of the loan, risk gradation and others while evaluating loans.

While retail loans are managed largely on a portfolio basis across various products and segments, the small book of a corporate portfolio is managed both on an individual and portfolio basis. The credit risk management also includes capping of exposures based on borrower group, geography and industry. Credit Risk Management also involves portfolio diversification and periodic post-disbursement monitoring, relationship management with borrowers and remedial measures.

Interest Rate Risk And Foreign Exchange Risks

The Company is subject to interest rate risk, principally because it lends to customers at fixed interest rates and for periods that may differ from its funding sources, which bear fixed and floating rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Majority of our asset portfolio has contracted maturity period of 3 months, which often gets repaid even earlier. We are not significantly exposed to interest rate risk.

We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. The Company's interest rate policy, Liquidity Risk Management Policy, Resource Planning Policy and Asset Liability Management Policy and Procedures ("ALM Policy"), have been approved and adopted by the Board, implemented and monitored periodically by the Asset Liability Management Committee (ALCO). We also conduct stress tests on the portfolios to measure the impact on the Company's profitability due to movements in interest rates.

As per the Board approved "Foreign Exchange Risk Management Policy" all foreign exchange liabilities and foreign exchange assets exceeding Rs.10 million must be hedged. ALCO periodically reviews all the foreign currency exposures and monitors the foreign exchange risks.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or external events. As one of the features of our lending operations, we offer a fast loan approval process and therefore have adopted de-centralised loan approval systems. To control our operational risks, we have adopted clearly defined loan approval processes and procedures. The internal control includes effective separation of functions, segregation of roles and responsibilities, reliance on the maker-checker concept, monitoring of exceptions, etc. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing policies and procedures to monitor transactions, maintaining necessary back-up procedures and undertaking contingency planning. We have adequately insured ornaments pledged against employee and customer frauds, fire, theft and burglary. Besides onsite and offsite security surveillance of our branches, we conduct internal audits at all our branches to assess the adequacy of and compliance with our internal controls, systems and processes.

The Company operates in an automated environment and makes use of the latest technologies to support various operations, which leads to various operational risks viz business disruption, breaches in data security etc. The Board has adopted various IT and Security related policies to provide a governance framework for information security practices to mitigate information technology-related risks. Besides internal audit, an independent agency also assures the management of information technology-related risks. We have a robust Disaster Recovery plan that is periodically tested to ensure that it can meet any operational contingencies.

The Company achieved the ISO 27001:2013 ISMS certification (ISO 27001:2013) from BSI. BSI Group, also known as the British Standards Institution, is the national standards body of the United Kingdom. BSI produces technical standards, audits and provides certification to companies worldwide who implement management systems standards.

The Board of Directors have also adopted a Whistle Blower Policy. Vigilance department in the head office oversees the implementation of fraud prevention measures across the organisation. Frauds are fully investigated to identify the root cause and relevant corrective steps are taken to prevent a recurrence.

The first line of defence in the operational risk management is provided by the Business Units, which maintain strict internal controls and procedures. Internal audit has adopted a risk-based audit of units, businesses and processes based on various risk alerts. The audit department reviews the effectiveness of governance, risk management and internal controls regularly. Operational Risk incidents are reviewed at the periodical Performance Review Meetings (PRM) of senior executives. Reports of the internal auditors, as well as the responses, are discussed and reviewed by the Audit Committee of the Board. Risk Management Committee of the Board also reviews risks in governance and effectiveness of the operational risk management controls.

Liquidity Risk

Liquidity risk arises due to the unavailability of an adequate amount of funds to meet the Company's financial obligations at an appropriate price and tenure. As most of our loans (at the portfolio level) have maturity shorter than the maturity of our liabilities, we have positive cashflows in all maturity buckets.

The Company attempts to minimise this risk through a mix of strategies, including diversification of sources of funds, securitisation and assignment of receivables, fixing caps on short term funds and maintaining liquidity buffer.

The Company also monitors liquidity risk through the ALCO and Resource Management Committee of the Board. Monitoring liquidity risk involves categorising all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any maturities, particularly in the short- term. Through the ALM Policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

A categorisation of assets and liabilities in time buckets are based on their maturities and repricing options. Action plans are drawn to ensure a minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

To strengthen liquidity risk management of NBFCs, RBI issued guidelines to maintain Liquidity Coverage Ratio (LCR) in the form of the High-Quality Liquid Assets (HQLA) from 1 December 2020. The HQLAs are assets that can be converted to cash easily and immediately. The Company maintains higher HQLAs than the regulatory minimum LCR.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest standards of compliance with our cash management systems.

Asset / Security Risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a pledged asset may be less than the total amount of loan and interest outstanding in such borrowing, and we may be unable to realise the full amount lent to our customers due to such a decrease in the value of the collateral. The Company follows industry standard (as per RBI guidelines) and fixes the maximum gold loan LTV based on the one-month average of gold prices. ALCO reviews the gold prices and monitors the adequacy of the collateral margins.

We may also face specific practical and execution difficulties during the process of auction. We ensure that all legal procedures are followed and take appropriate care in dealing with customers for auctioned assets. We also additionally face the risk of theft and robbery, as all pledged assets are stored locally at the branches (as per RBI norms). We have deployed 24x7 online monitoring and various sensors at the branches to ensure the safety of the gold collateral.

Business Risk

The Company, being an NBFC, is exposed to various external risks which have a direct bearing on the sustainability and profitability of the Company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macroeconomic conditions and change in sector dynamic in various commercial segments cause ups and downs in the business and may result in impairment of loan assets. We have a dedicated team to continuously monitor the trends in the economy and the various sectors within it. With increasing competition in the financial markets, the business growth of the Company is now dependent on its ability to face competition. Keeping with the trends and practices in the market, we have developed tailor-made products to deepen market penetration. Equipped with an enthusiastic sales force, range of products, continuous efforts to improve TAT, and foster a customer-friendly culture, the Company is successfully withstanding competition.

Regulatory Risk

It is the risk of change in-laws and regulations materially impacting the business. All the periodic guidelines issued by regulators including the RBI, SEBI, NHB, IRDA are fully adhered to and complied with by the Company. The Company strictly adheres to the Capital Adequacy, Fair Practices Code, Asset Classification and Provisioning Norms, submission of all required returns to the regulators with zero tolerance for non-compliance.

Human Capital Risk

Our success depends on our ability to retain and attract qualified personnel. We have a policy of providing an excellent working environment for employees across all levels for better work-life balance. The compensation paid by the Company is comparable with other companies in its class and size in the industry.

Reputation Risk

Reputational risk is the risk of possible damage to the company's brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with MAFIL's values and beliefs. The Company has a Board approved Reputation Risk Management policy, which prescribes certain tolerance levels for such risk incidents, which should be reviewed by the Risk Management Committee periodically.

HUMAN RESOURCE

The Company believes that people perform to the best of their capability in organisations to which they feel genuinely associated. The Company focuses on widening organisational skills and improving organisational effectiveness by having a competent and engaged workforce. Our people are our partners in progress, and employee empowerment has been critical in driving our organisation's growth to the next level.

Each of the Company's business vertical has an explicit performance management model that helps in aligning individual performance with that of the business. Talent Management and Development in that scenario plays a pivotal role to attract and build people capability for their growth and through them for the growth of the organisation. The Company also identifies and adopts best industry practices related to Health, Safety, Security and Environment which outlines the core of its business and ensures in developing a culture where its employees drive them.

INFORMATION TECHNOLOGY

The Company has begun a transformation of the technology landscape. Technology has been deployed to support the more straightforward implementation of partnerships for business generation and collections, operational efficiencies, and compliance with statutes. In line with this, the Company has implemented enterprise platforms such as business process management and business intelligence. Also, fortification of information security measures through IPv6, web proxy, network access control and artificial intelligence-based network traffic analysis tool. The Company entered into IT services sourcing arrangements with global leaders of ITES to supplement the internal capabilities and for the enhancement of digital solutions of customer mobile app, payments, and KYC, as well as engagements for tapping into nascent technologies and the fintech ecosystem.

INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct an internal audit which provides that all transactions are correctly authorised and reported. The Audit Committee of the Board reviews the reports. Wherever necessary, strengthening of internal control systems and corrective actions initiated.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Business Responsibility Report

SECTION - A

1. CIN of the Company	L65910KL1992PLC006623
2. Name of the Company	Manappuram Finance Limited
3. Registered Office	Manappuram Finance Limited IV / 470 (Old) W638A (New), Manappuram House, Valapad, Thrissur, Kerala, India- 680 567 Landline : 0487 3050 000, 3050 108, 3050 100
4. Website	www.manappuram.com
5. E-mail id	mail@manappuram.com
6. Financial Year reported	2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	As per National Industrial Classification – 2008, Section K - Financial and Insurance Activities Division 64 - Financial Service Activities, except insurance and pension funding. Code: 64191 Manappuram Finance Limited ('Manappuram Finance') is a non-banking company governed by RBI Act, 1934
8. List three key products / services that the Company manufactures / provides (as in balance sheet)	• Gold loan • Vehicle and Equipment Finance • Onlending (Corporate Loan)
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations (Provide details of major 5)	None
ii. Number of National Locations	As on 31st March, 2021, Manappuram Finance has over 3,524 branches across 22 states and 6 Union Territories
10. Markets served by the Company: (Local / State / National / International)	Manappuram Finance serves customers in national market.

SECTION B - FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital	₹ 1,692.73 million
2. Total Turnover	₹ 51,935.15 million
3. Total Profit after Taxes	₹ 16,979.19 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%)	1.64%
5. List of activities in which expenditure in 4 above has been incurred	Activities are predominantly in the area of Quality education, Healthcare, Community Development including Day Care facilities for senior citizens, Empowerment of women, Environment sustainability etc. For more details please refer Annexure V of Boards Report.

Business Responsibility Report

SECTION C - OTHER DETAILS

1 Does the Company have any Subsidiary Company / Companies?

Yes

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

Yes. Four Subsidiaries

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

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

SECTION D - BUSINESS RESPONSIBILITY INFORMATION

1 Details of Director / Directors responsible for BR

a. Details of the Director / Directors responsible for implementation of the BR policy / policies

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

b. Details of the BR head : Nil

2. Principle-Wise (As per NVGs) BR Policy / Policies

(a) Details of Compliance (Reply in Y / N)

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

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

Business Responsibility Report

Note 1

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

Note 2

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

- Business Responsibility Policy
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Cross selling policy
- Investment Policy
- Auction Policy
- Policy for Determination of Materiality and Disclosure of Material Events/Information
- Policy on Materiality of Related Party and Manner of Dealing With Related Party Transactions
- Loan Policy
- Interest rate Policy
- Whistle blower Policy
- Corporate Social Responsibility Policy
- Know Your Customer (KYC) and Anti Money Laundering Measures Policy
- Fair Practice Code
- Mechanism for Dealing with Customer Complaints & Redressal
- Internal Audit Policy
- Dividend Distribution Policy
- Gift Policy
- Employee Speak up Policy
- HR Policy
- POSH policy
- Policy on transfer of Unclaimed Amount of NCDs to GOI or IEPF

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

Not Applicable

Governance related to BR

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

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

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

This is the fifth Business Responsibility Report of the Company. Manappuram Finance publishes BR Report annually which forms part of Annual Report. It is available at https://www.manappuram.com/investors/annual-reports.html

SECTION E - PRINCIPLE - WISE PERFORMANCE

PRINCIPLE 1

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

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

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

Manappuram Finance accords utmost importance to ethical, transparent and accountable conduct by its employees and stakeholders. The Compliance function of Manappuram Finance ensures needed compliance with various regulatory and statutory requirements at all appropriate levels within the Organisation. It also updates the Board and the Management on the status of compliances in the changing regulatory environment.

Manappuram Finance commits timely disclosures and transparency at all levels so as to provide access to all relevant information about its business to stakeholders. The Corporate Governance practices apply across various businesses of Manappuram Finance including Board Governance. The Board oversees the service of the Management towards protection of stakeholders' interest in the long run.

Business Responsibility Report

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

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

PRINCIPLE 2

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

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

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

   The Company has also incorporated social and environmental opportunities in its financial operations, for example, Manappuram Finance has developed Online Gold Loan (OGL) which is India's first attempt at digitalisation of the field. OGL is a step forward to attain the National objective of cashless transactions.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

a. **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.**

   As a company dealing in financial services, the main resource utilised by the organisation is paper. Focus is given to making systems and procedures paperless and tech initiatives initiated to make the head office paperless. The launch of Online Gold Loan facility accessible to customers through a mobile app has reduced consumption of paper. Centralised ERP system implemented by Company helps to reduce paper usage at various divisions and branches. Manappuram Finance has also implemented paperless Board and committee meetings so as to avoid usage of paper. During the FY 2020, compliances with respect to SEBI(Insider Trading), Regulations, 2015 have also been done through an application which is paperless. Additionally, approvals/intercompany communications have been made 100% paperless using an in-house application.

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

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

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

   Manappuram Finance Limited has replaced all CFL lamps with LED lamps reducing the lighting load and We have installed one 20 kilowatt capacity solar power plant in Manappuram Villas facility which are used by employees for accomodation purposes.One 30 kilowatt capacity solar power plant is installed in Mageet School roof top where children of our employees study, 3 solar plants of capacity 13 kilowatt, 6.5 kilowatt and 6.7 kilowatt respectively is being installed at Painoor hostel accomodation facility roof top for which work is under progress and the same are used by employees for accomodation purposes.

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

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

a. **If yes, what percentage of your inputs was sourced sustainably?**

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

Business Responsibility Report

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

a. **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Manappuram Finance has a wide network of branches in 22 states and 6 UTs of India to reach out to rural, semi- urban and urban customers. The Company has used the Business Associate model to enhance its business and reach out to customers. Under this model, Business Associates are recruited locally. Branches to select vendors as per the procurement standards and many items of minimal value are sourced locally.

The Company has taken several initiatives for the development of local suppliers of goods and services.

PRINCIPLE 3

BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL THE EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

1. **Please indicate the Total number of employees:** 24,109 employees were on the payroll of Manappuram Finance as on 31st March, 2021.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.** Manappuram Finance has hired 88 employees on temporary / contractual / casual basis.

3. **Please indicate the Number of permanent women employees.**
7,707 permanent women employees were on the payroll of the Company as on 31st March, 2021.

4. **Please indicate the Number of permanent employees with disabilities.**
5 permanent employees with disabilities were on the payroll of the Company as on 31st March, 2021.

5. **Do you have an employee association that is recognised by management.**
No.

6. **What percentage of your permanent employees is members of this recognised employee association?** Nil

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

There were 11 complaints regarding sexual harassment which were filed with Internal Complaints Committee of the Company and 11 were resolved by the Committee during FY 2020-21.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
Induction and skill up-gradation training programmes are routinely conducted and it covers a substantial part of the workforce every year. The training programmes cover various aspects such as product training, soft skills and behavioural training etc.

a. **Permanent Employees:** 24,101 Employees

b. **Permanent Women Employees:** 7,707 Women Employees

c. **Casual / Temporary / Contractual Employees:** 88 Casual Employees

d. **Employees with Disabilities:** 5 employees

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

PRINCIPLE 4

BUSINESSES SHOULD RESPECT INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

1. **Has the Company mapped its internal and external stakeholders? Yes / No**
Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**
Yes.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**
Yes, Manappuram Finance regularly undertakes initiatives to engage with disadvantaged, vulnerable & marginalised stakeholders. Manappuram Finance is committed to providing financial services in rural/unbanked areas. As on 31st March, 2021, out of 3,524 branches of the Company, 717 branches were operating in rural areas. We believe that stakeholders have a key role to play in the growth of the organisation. It is our endeavour to build strong

Business Responsibility Report

relationships with each of the stakeholders to meet their financial needs through better service and products and ensure harmonious and sustainable growth for the Company. Manappuram Finance has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns.

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

Shareholders, Customers & Investors

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

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

Employees

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

Government & Regulators

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

Business Associates, Vendors and Suppliers

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

Community

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

Media

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

PRINCIPLE 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?** No. The policies revolving around human rights cover not only Manappuram Finance but also other stakeholders.

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

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?** Manappuram Finance did not receive any complaint relating to human rights violations from internal or external stakeholders.

PRINCIPLE 6

BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

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

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

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

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

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

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

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof,**

in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

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

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

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

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

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

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

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

   Not applicable to the Company.

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

   No show cause / legal notices were received.

PRINCIPLE 7

BUSINESSES WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

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

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

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

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

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

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

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

PRINCIPLE 8

BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

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

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

2. **Are the programmes / projects undertaken through in- house team / own foundation / external NGO /**

Business Responsibility Report

Government structures / any other organisation? Manappuram Foundation, a public charitable trust formed in 2009 and a promoter group entity of Manappuram Finance which is a CSR implementing agency of the Company monitored by CSR Committee, has undertaken extensive Corporate Social Responsibility (CSR) initiatives, as detailed in the Report on CSR Activities, annexed to the Board's Report.

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

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

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

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

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

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

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

PRINCIPLE 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

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

   44.44% of Consumer cases were pending as on the end of FY 2020-21.

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

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

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

   There were 420 cases filed against the Company regarding unfair trade practices during last five years out of which 142 cases are pending as on the end of FY 2020-21.

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

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

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

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

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

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

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

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

Board's Report

Dear Members,

Board of Directors of your company wish to start by expressing its empathy with the bereaved families of all our employees shareholders and all others who have lost their near and dear ones due to COVID-19 Pandemic.

The Board of Directors of Manappuram Finance Limited have pleasure in presenting before you, the 29th Annual Report of the Company together with the Audited Consolidated and Standalone Statements of Accounts for the financial year ended 31st March, 2021.

1. FINANCIAL SUMMARY/HIGHLIGHTS AND STATE OF AFFAIRS

₹ in million

Description	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Gross Income	51,935.14	43,521.91	63746.23	55,511.88
Total Expenditure	29,239.74	26,721.81	40585.85	35,438.90
Profit Before Tax	22,695.40	16,800.10	23160.38	20,072.98
Provision for Taxes/Deferred tax	5,716.33	4,496.98	5910.83	5,269.81
Other Comprehensive Income	(146.03)	(54.32)	(156.79)	(60.00)
Minority interest	-	-	6.96	125.60
Net Profit	16,979.07	12,303.12	17249.55	14,803.17
Amount available for appropriations	39,816.87	27,023.18	42,895.21	30,532.55
Appropriations:				
Transfer to statutory Reserve	3,406.67	2,449.77	3468.14	2,920.43
Transfer to/(from) Debenture Redemption Reserve	-	(1,115.33)	-	(1,115.33)
Interim Dividend on Equity share	1,057.71	2,321.75	1,057.71	2,371.99
Tax on Dividend	-	477.25	-	487.58
Adjustment on account of IND AS	217.60	274.55	233.82	351.50
Balance carried forward to next year	35,134.89	22,615.19	38,135.54	25,516.38

During the Financial Year ("FY") 2020-21, under review, the Company's consolidated revenue from operations grew by 1.1 % and the Profit after Tax increased by 17.6 % to ₹ 4,683.5 million. The Company's consolidated AUM grew by 7.9% to ₹ 2,72,242 million during the year owing to rapid growth in the microfinance (8.8%), housing finance (5.8%) and vehicle finance (-21.7%) AUMs. Gold loan AUMs grew 12.4% during the year.

The Company also implemented multiple campaigns to increase awareness among the customers about the benefits of digital transactions. Through its local marketing initiatives, the Company covered individuals belonging to the masses segment and concentrated on getting close and personally relevant to understand the financial needs of the people in these sections. Consistent review and monitoring at field level was also done to ensure business propensity.

During the year, the Company undertook various employee engagement initiatives to motivate them and improve their efficiencies. These efforts played a prominent role in the Company's growth during the year. The Company will continue to engage in such initiatives in the future to serve its customers better and thereby achieve higher growth.

2. DIVERSIFICATION OF BUSINESS

In 2014 your Company decided to pursue diversification on the strength of large net worth, access to debt capital on competitive terms and access to customer relationships built over decades, through business mainstay of gold loans.

The objective of the diversification strategy is to bring down the dependence of the company on gold loan AUM and reach a comfortable parity between the new streams of business and gold loans. In the intervening years, we have assiduously built competencies and capabilities to bring the share of new business in our AUM close to 29.9%.

Board's Report

Our ambition is to achieve a 50-50 mix between the diversified business and gold loans in years to come. This will address three key business paradigms; First, it addresses the regulatory discomfort with mono-line NBFCs perceived as vulnerable to concentration risk. Second, it would enable the Company to cater to existing and new customers with new products and services. Finally, it enables your Company to play a leading role in accelerating the government's agenda for inclusion by addressing the needs of the underprivileged sections of our population.

Accordingly, your Company is focusing on affordable housing finance, vehicle and equipment finance which includes commercial vehicle loans, two-wheeler loans, tractor & car loans, microfinance, SME finance, project and industrial finance, corporate finance and insurance broking. Over the last four to five years, the Company has made much progress in all these new businesses, having steadily scaled up operations by leveraging its existing customer base, branch network and the goodwill of the Manappuram Brand.

The key achievement thus far is that having begun literally from scratch in FY2015, the Company's non-gold new businesses now contribute 29.9 % of the total assets under management. In the past year, Microfinance AUM has grown from ₹ 45,284 million in FY2020 to ₹ 53,930 million in FY2021. Your Company's divisions vehicle and equipment finance and corporate finance have ended the year with an AUM of ₹ 10,292 million and ₹ 15.52 million, respectively. Your Company's housing subsidiary, Manappuram Home Finance Limited has ended the year with an AUM of ₹ 6,735 million while the insurance broking subsidiary has contributed revenue of ₹ 99 million.

The other business verticals of our Company include Payments business, SME business and fee-based services including forex and money transfer.

VEHICLE & EQUIPMENT FINANCE

The vehicle finance portfolio is about ₹ 10,571 Million spread across 222 locations in 23 states as of 31st March, 2021. The pre-owned commercial vehicles portfolio is ₹ 6.99 billion and new commercial vehicles are of ₹ 550 million with 16,638 contracts. The two-wheeler finance portfolio is of ₹ 1.78 billion with 80,217 contracts, and other vehicle loans make up a portfolio of around ₹ 1,240 million. The business is supported by robust pre-screening methodologies and credit assessment for a healthy portfolio mix.

With plans to target the existing customer base for consumer vehicle loans, your Company firmly believes that digital technology would be an integral component for the growth of the business in the coming years.

SME BUSINESS

Your 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 ₹ 0.2 million to ₹ 2.50 million. The Company deliberately went slow in adding new business due to constraints faced by the customers, hence AUM of the SME business stood at ₹ 326.27 million as of 31st March, 2021 as against ₹ 270.15 million in Fiscal 2020.

FEE-BASED SERVICES (INCLUDING FOREX AND MONEY TRANSFER)

Our Company's fee-based services include money transfer, foreign exchange, and depository services. We facilitate fast, easy, and safe money transfer and the customer does not require a bank account for an amount of up to ₹ 50,000 subject to compliance with applicable RBI norms. We assist in exchange of currency and sell traveller's cheques for purposes as permitted under the foreign exchange management act (FEMA). Fee-based services accounted for about 20 basis points of our total revenue for Fiscal 2021.

Our Company is an Authorised Dealer (AD) Category 2 license holder from RBI. In December 2017, Manappuram Finance Ltd. received RBI's license to act as the Indian Agent for Western Union Money Transfer. We also act as sub-agents to the Indian representatives of other companies providing money transfer inward remittance.

Following are the highlights of our fee-based services:

- Tie up with nine money transfer agencies for inward remittance.
- About 60% of the inward remittance is contributed by Western Union.
- As an Indian agent of Western Union, we can appoint sub agents to work on our behalf all over India.
- Turnover of MTSS business is around ₹ 15 crore per month.
- We have more than 150 active sub-agents for Western Union business who contribute about ₹ 75 lakhs of business per month.

PAYMENTS BUSINESS

It was in March 2017 that Manappuram Finance Ltd. received RBI's authorisation to issue prepaid payment instruments (payment wallet) and went on to launch the MAkash wallet. A mobile wallet is a way to carry cash in digital format that promotes the country's cashless payments initiative. Customers

Board's Report

can load money into the wallet using a credit card, debit card, net banking and UPI. Alternatively, they can walk into any of the MAFIL branches across India and load cash into the wallet without any extra cost.

With over one lakh customers, MAkash has registered steady growth. The wallet registers an average of 30,000 transactions per month valued at about ₹ 15 crore. Customers can avail the assistance of MAFIL Branches to create the wallet and conduct transactions. The following services are available with Makash Online and Offline modes:

- Phone Recharge & DTH: With money loaded in your MAkash wallet, it takes just seconds to make phone and DTH recharges.
- Bill Payments: Pay all your bills across categories via MAkash in no time and avoid late payment charges
- Gold Loan repayment: Load Your wallet using Debit/Credit Card and Pay your MAFIL Gold Loan repayment or make interest payment instantly via MAkash
- Transfer money to Bank: You can Load money from your Credit card/ Debit Card/ Net Banking and send it to any bank account in India, any time.

STATE OF AFFAIRS OF OUR SUBSIDIARIES

ASIRVAD MICRO FINANCE LIMITED (AML)

Asirvad Micro Finance Limited, an NBFC operating as a microfinance institution (NBFC-MFI) is a majority-owned subsidiary of our company. Asirvad Micro Finance Limited provides mainly three types of loans namely Income Generating Programme Loans (IGP), Product loans and MSME loans.

During the year, company consolidated its operations in the existing 24 states including union territories. In March 2021, the company forayed into lending of Gold Loan against the security of the Gold jewellery by starting operations in 23 branches across 4 states.

Asirvad Micro Finance Limited is ranked as the 4th largest NBFC MFI in India. The company has a network of 1,025 branches across 22 states and union territories with a presence in 315 districts and 2,25,444 centers with respect to Micro Finance Business and 22 branches across 4 states with a presence in 14 districts with respect to MSME. During the year company has passed on the reduction in interest rate in respect of Microfinance loans charged by Banks/Financial institutions by reducing the interest rate charged to customers from 21.30% pa to 20.67% pa.

The assets under management of this business increased by 8.78 per cent during fiscal 2021. This growth was an outcome of multiple factors such as healthy addition of new customer aggregation to 0.05 million, enhanced reach via a balanced mix of branch-led expansion as well as more client acquisition via our online/digital platforms. AML had an AUM of ₹ 59.85 billion as of 31st March, 2021, as compared to ₹ 55.02 billion as of 31st March, 2020. AML has high capital adequacy with CAR at 23.33 percent and excellent ROA at 0.29 per cent.

Being the most significant business, after MSME and Gold loans, microfinance is strategically essential to the company. Asirvad is adequately capitalized and has consistently shown healthy and profitable growth.

MANAPPURAM HOME FINANCE LIMITED (MAHOFIN)

MAHOFIN, a wholly own subsidiary of Manappuram Finance, started operations in January 2015 and focuses on affordable housing loans and aims to cater to the needs of the mid-income to the low-income group. The housing finance business registered 5.83 per cent growth in its AUM in Fiscal 2021, posting a CAGR of 16.51% in the past five years. It reached an AUM of ₹ 6,735 million as of 31st March, 2021. Currently, there are 47 branches across nine states. The western region contributes the largest share of the loan portfolio. Considering the increasing urbanisation and the rise of tier II and tier III cities, the Company is also planning to cover nearby states and locations.

Positioned as an affordable home finance company, target customers are the self-employed from the unorganised sector and others lacking access to credit facilities from mainstream financial institutions. The Company offers two products – Home Loans and Loan Against Property. The average ticket size of a Home Loan is about ₹ 1.05 million, and for the LAP segment, it stands at about ₹ 0.63 million.

As a part of digitisation, the Company has introduced the "Mobile-Customer Acquisition System" (mCAS) for faster processing of loan applications and "Mobile Collect" (M-Collect) for speeding up the collection process.

The Company is looking to diversify funding sources and in October 2019 it succeeded in raising about ₹ 943.1 million by a public issue of NCDs. The portfolio faced minimal delinquencies with GNPA held at 6.38%. The Company has a capital adequacy ratio is around 52.86% (well above the regulatory requirement).

MANAPPURAM INSURANCE BROKERS LIMITED (MAIBRO)

Manappuram Insurance Brokers Limited (MAIBRO), ended the year at ₹ 1,273.0 million of total business. The Company did the new business of ₹ 1,073.5 million in the fiscal. The Company now operates in various products of Life, Health, Personal Accident and Motor insurance to cater to multiple sections of the society. The Company has the distinction of covering 0.10Cr customers in FY 2021. MAIBRO posted a net profit of ₹ 29.03 million in FY 2021 vs ₹ 73.29 million in FY 2020 and is likely to snowball from here on by entering new tie-ups with insurance companies. The Company covered 25,668 families with a health cover, 18,900 customers with Personal Accident cover and 0.09 Cr customers

Board's Report

with death cover.

MAIBRO today has a presence across the length and breadth of the country. MAIBRO has also launched portal www.masuraksha.com to issue two-wheeler policy directly to customers 24*7 without any manual dependency. Company is also planning to extend the service for all insurance products and digitalise its sales process from proposal to issuance. The Company has been able to successfully settle 93.50 % of claims reported.

MANAPPURAM COMPTECH AND CONSULTANTS LTD. (MACOM)

Your Company's another subsidiary, Manappuram Comptech and Consultants Limited (MACOM) ended the year at ₹ 224.82 million of total business. The Company has enhanced its revenue portfolio by ₹ 125.67 million. The Company offers services in audit and taxation along with core IT services to service varied market requirements including application development for Digital Personal Loan, Loan Management Solutions etc. During the year, the Company made a mark by developing fully android based apps for EMI collection, Customer and Agent Collection etc. MACOM posted a net profit of ₹ 31.46 million in FY2021 vs ₹ 17.7 million in FY2020 and is poised for take-off from here on.

3. SUBSIDIARIES PERFORMANCE

Your Company holds 94.79% equity shares of Asirvad Micro Finance Limited, 100% equity shares of Manappuram Home Finance Limited, 100% equity shares of Manappuram Insurance Brokers Limited and 99.81% of Manappuram Comptech and Consultants Limited as on 31st March, 2021.

Asirvad Micro Finance Limited

Gross Income of the Company as of 31st March, 2021 is ₹ 10,771.84 million as compared to ₹ 11,014.44 million for the year ended 31st March, 2020 and profit after Tax is ₹ 168.81 million for the year ended 31st March, 2021 as compared to ₹ 2,353.28 million for the year ended 31st March, 2020.

Manappuram Home Finance Limited

Gross Income of the Company as of 31st March, 2021 is ₹ 971.32 million as compared to ₹ 856.73 million for the year ended 31st March, and profit after tax is ₹ 102.9 million for the year ended 31st March, 2021 as compared to ₹ 105.64 million for the year ended 31st March, 2020. AUM of the Company as of 31st March, 2021 is ₹ 6,662.7 million which is 2.51% of consolidated AUM.

Manappuram Insurance Brokers Limited

Gross Income of the Company for the year ended 31st March, 2021 is ₹ 99.00 million as compared to ₹ 150.24 million for the year ended 31st March, 2020 and profit after tax for the year ended 31st March, 2021 is ₹ 29.03 million as compared to ₹ 73.3 million for the year ended 31st March, 2020.

Manappuram Comptech and Consultants Limited

Gross Income of the Company for the year ended 31st March, 2021 is ₹ 227.28 million as compared to ₹ 101.35 million for the year ended 31st March, 2020 and Profit after tax for the year ended 31st March, 2021 is ₹ 31.46 million as compared to the profit of ₹ 17.69 million for the year ended 31st March, 2020

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

4. RESERVES

During the FY 2020-21, the Company has utilised ₹ 1,308.53 million with regards to adoption of IndAS 116 "Leases" from Retained earnings.

The total reserves and surplus as on 31st March, 2021 stands at ₹ 67,324.39 million.

5. DEBENTURE REDEMPTION RESERVE

Pursuant to notification issued by Ministry of Corporate Affairs on 16th August, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amend the Companies (Share Capital and Debentures) Rules, 2014.

In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to be maintained in the case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

By complying with the above notification, the Company has not created DRR during the year ended 31st March, 2021.

6. RESOURCES

The Company as an NBFC, mobilisation of resources at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company. The main source of funding for the Company continues to be credit lines from the banks and financial institutions. Your Company as at 31st March, 2021 availed various credit facilities from 25 banks, 1 NBFC (Bajaj Finance), NABARD and International Finance Corporation (IFC).

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

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

7. MANAGEMENT DISCUSSION AND ANALYSIS

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

8. REPORT ON CORPORATE GOVERNANCE

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

9. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report in line with the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, released by the Ministry of Corporate Affairs, Government of India and as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') forms integral part of this Annual Report and the same has been hosted on the website of the Company https://www.manappuram.com/public/uploads/editor-images/files/Business%20Responsibility%20Policy.pdf

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

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

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

10. DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 134 OF THE ACT

The board of directors, to the best of their knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

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

v. they have laid down internal financial controls to be followed by the Company and such internal financial

Board's Report

controls are adequate and operating effectively;

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.

11. MEETINGS OF THE BOARD

During the financial year 2020-21, Board of Directors met on Nine occasions. For further details of these Board Meetings, please refer to the Corporate Governance Section of this Report.

12. DECLARATION ON INDEPENDENCE FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

13. PROFICIENCY OF INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

Board of Directors of Manappuram Finance Limited is of the opinion that Mr Shailesh J Mehta (DIN: 01633893) and Mr Harshan Kollara (DIN: 01519810) who were appointed as Independent Directors in the Annual General Meeting held on 28th August 2020 possess requisite skills expertise experience and proficiency to be appointed as Independent Director. Both the directors are registered with Indian Institute of Corporate Affairs.

All other Independent Directors of the company also possess requisite skills expertise experience integrity and proficiency to be appointed as Independent Director

14. POLICY ON BOARD COMPOSITION COMPENSATION

The Board of Directors has adopted a policy on director's appointment and remuneration for directors, Key Managerial Personnel and other employees including criteria for determining qualification, positive attributes, and independence of directors as laid down by the Nomination Committee of the board in compliance with the provisions of Section 178 of the Act. The policy can be viewed at https://www.manappuram.com/public/uploads/editor-images/files/Policy%2022-Board%20composition.pdf and is also annexed to this report as Annexure II.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note 10,11,44 & 49 to the Standalone Financial Statements.

16. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

Contracts / arrangements / transactions entered by the Company during the FY 2020-21 with related parties under Section 188 of the Act were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR and the Company's policy on related party transactions. Therefore, particulars of contracts / arrangements with related parties under Section 188 in Form AOC-2 is not annexed with this report.

Your Directors draw attention of the members to Note 42 of the Standalone Financial Statement which sets out related party disclosures.

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

17. DIVIDEND

Two interim dividends at the rate of 0.60 paise and 0.65 paise per equity share were declared during the financial year 2020-21, on, 06.11.2020 and 29.01.2021.

An aggregate of ₹ 1.25/- per equity share, amounting to 62.5% of the paid-up value of the shares was paid by the Company during the financial year 2020-21.

Board's Report

The Dividend Distribution Policy as per the SEBI LODR is available at the following link https://www.manappuram.com/public/uploads/editor-images/files/Dividend%20distribution%20policy.pdf

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

These details are provided as Annexure IV to this report.

19. RISK MANAGEMENT POLICY

The Company has a Board of Directors approved Risk Management Policy wherein material risks faced by the Company including Operational Risk, Regulatory Risk, Price, Interest Rate Risk and Credit Risk are identified and assessed. The Risk Management Committee periodically reviews the various risks faced by the Company and advises the Board on risk mitigation plans.

The Board has appointed a chief risk officer as the asset size of the Company is above ₹ 50 billion with a tenure of One year subject to re-appointment by the board every Financial year.

Risk Management policy may be accessed on the Company's website at the link https://www.manappuram.com/public/uploads/editor-images/files/ERM%20%20Policy%281%29.pdf

20. CORPORATE SOCIAL RESPONSIBILITY POLICY

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company have been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The CSR Policy may be accessed on the Company's website at the link: https://www.manappuram.com/public/uploads/editor-images/files/Policy-7-CSR%20Policy.pdf

The Corporate Social Responsibility initiatives taken by the Company during the FY 2020-21, is detailed in the Report on CSR activities which is annexed herewith marked as Annexure V.

21. FORMAL ANNUAL EVALUATION

The board of directors decided to appoint a third party to assist the Board in carrying out the formal evaluation of board pursuant to which NASDAQ Corporate solutions was appointed on 29.01.2021 to assist in the evaluation process of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI LODR. As part of evaluation process questionnaire on various aspects governing the company was circulated to directors for their individual opinion through electronic mode, thereafter individual telephonic interviews with all directors were carried out as part of the evaluation process and it was ascertained that the company has maintained the highest standards of the Corporate governance and integrity in all its practices. The NRC and Board further considered the observations and has taken necessary measures to implement the suggestions.

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

During the FY 2020-21, Mr. B.N. Raveendra Babu (Non-executive director) (DIN:00043622) has received remuneration by way of sitting fee, ₹ 0.40 million, for attending Board/Committee meetings of the subsidiary, Manappuram Insurance Brokers Limited and Mr. V. P Nandakumar (Managing Director & CEO) (DIN: 00044512) has not received any remuneration or commission from any of the subsidiaries of the Company for the FY 2020-21.

23. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

No company became or ceased to be subsidiary or joint venture or associate company of Manappuram Finance Limited during the Financial Year 2020-21

24. AUDIT AND AUDITORS REPORT

Deloitte Haskins & Sells LLP, Chartered Accountants have been appointed as the Statutory Auditors by shareholders at the 25th AGM, to hold office up to the conclusion of 30th AGM.

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

There were no frauds reported by the statutory auditors to Audit Committee or Board under Section 143(12) of the Act.

Secretarial Audit

The Board appointed KSR & Co. Practicing Company Secretaries LLP, to conduct Secretarial Audit for the financial year 2020-21.

Secretarial audit report for year ended on 31st March, 2021 as provided by KSR & Co. Practicing Company Secretaries LLP, Indus chambers, Ground floor, No. 101, Govt Arts College Road, Coimbatore-641018, is annexed to this Report as Annexure- VI.

No Fraud has been reported by the Secretarial auditors under Section 143(14) of Companies Act 2013

As per Regulation 24A(1) of SEBI (Listing Obligation and Disclosure Requirements) 2015 company does not have any unlisted material subsidiaries.

Company has a debt listed Material Subsidiary Asirvad Micro Finance Limited and we hereby attach its secretarial Audit report for the FY 2020-21 for your reference

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

Information systems Audit

In terms of the Master Direction on Information Technology Framework for the NBFC Sector, NBFCs are required to have an information system audit at least once in two years. During FY2021, a system audit was conducted by a CERT-in empanelled audit firm. The areas audited were, inter alia, user access management, patch management, business continuity and disaster recovery, data protection and the information security management system framework. The audit revealed no major observations.

In compliance with the RBI Master Direction on the IT framework for the NBFC sector, We are doing the Information Systems Audit at least once in every year. MAFIL has engaged PricewaterhouseCoopers(PwC) for conducting this audit for the FY 2020-21. The scope of the audit covers the effectiveness of the policies, IT systems, adequacy of internal controls, effectiveness of BCP and DR, compliance to legal and statutory requirements and the security testing of critical applications.

25. DIRECTORS AND KEY MANAGERIAL PERSONNEL, CHANGE, IF ANY

Mr B.N Raveendra Babu (DIN: 00043622) ceased to be Executive Director with effect from 01.06.2020 and was re-designated as Non-executive director in the Board meeting held on 29th May, 2020 with effect from 01.06.2020.

Mr. Harshan Kollara (DIN: 01519810) has been appointed as Additional Director of the Board with effect from 28.01.2020, considering his integrity, expertise and experience and he was appointed as Independent Director in the Annual General Meeting held on 28.08.2020 with effect from 28.08.2020.

Mr. Shailesh Mehta (DIN: 01633893) has been appointed as Additional Director of the Board with effect from 27.02.2020, considering his integrity, expertise and experience and he was appointed as Independent Director in the Annual General Meeting held on 28.08.2020 with effect from 28.08.2020.

There was no change in Key managerial Person's during the FY 2020-21

26. INCREASE IN SHARE CAPITAL

During the year 2020-21, the Company has allotted 13,71,604 equity shares of ₹ 2 each pursuant to exercise of stock options. Consequently, the paid-up equity share capital of the Company stood as on 31.03.2021 at ₹ 1,692.73 million consisting of 84,63,64,729 equity shares of ₹ 2 each.

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

Change in Nature of Business if any

There has been no change in the nature if business during the Financial year 2020-21

27. DEPOSITS

As you are aware, your Company had stopped acceptance of deposits from the public since FY 2009-10. Your Company had converted itself into a non-deposit taking Category 'B' NBFC. During FY 2020-21 the Company has not accepted deposits as per Chapter V of the Act.

28. COMPLIANCE WITH NBFC REGULATIONS

Your Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

Constitution of Statutory committees are in compliance with the corporate governance provisions as specified in the master direction issued by the Reserve Bank of India.

As on 31st March, 2021, the Capital Adequacy Ratio of the Company is 29.02%, which is well above the statutory requirement of 15%. The Company has not issued any Perpetual Debt Instruments.

29. COMPLIANCE WITH SECRETARIAL STANDARDS OF ICSI

Company has complied with Secretarial Standards-1 (SS-1) on Board meetings and Secretarial Standards-2 (SS-2) on General meetings issued by the Institute of Company secretaries of India.

30. QUALIFICATION, ADVERSE REMARKS RESERVATIONS BY AUDITORS IF ANY

There are no Qualification, Adverse Remarks Reservations by statutory Auditors in the Independent Auditors Report and secretarial auditors in the Independent Auditors Report.

31. EMPLOYEE STOCK OPTION SCHEME (ESOS)

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

Presently, the Company has Employee Stock Option Scheme 2016 ('ESOS-2016').

Disclosures in terms of 'Guidance note on accounting for employee share based payments' issued by ICAI and diluted EPS in accordance with Indian Accounting Standard (IndAS) 33 - Earnings Per Share are provided in note 36 of Standalone Financial Statements in this Annual Report.

Details related to stock option schemes as required under SEBI SBEB Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated 16 June, 2015 are provided in Note 37 of the Standalone Financial Statements in this Annual Report and Annexure VII of this report and are also available on Company's website at https://www.manappuram.com/investors/annual-reports.html

A certificate from Deloitte Haskins and Sells LLP, Statutory Auditors (Firm's Registration No.117366W/W-100018), Statutory Auditors, confirming that ESOS 2016 has been implemented in accordance with the SEBI SBEB Regulations and that the respective resolutions passed by the Company in General Meetings would be placed in the ensuing Annual General Meeting for inspection by the members

32. DISCLOSURE

The Composition of CSR Committee and Audit Committee are detailed in the Corporate Governance Report.

33. WHISTLE BLOWER POLICY AND VIGIL MECHANISM

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

No person has been denied access to the Chairman and a Member (Woman Director) of the audit committee. Company has ensured that its employees are well aware of the content and procedure of the policy and fully protected. The Whistle Blower Policy and Vigil Mechanism may be accessed on the Company's website at the link https://www.manappuram.com/public/uploads/editor-images/files/Policy-18-whistle%20blower%20policy.pdf

No complaints were reported during the FY 2020-21

34. EXTRACT OF ANNUAL RETURN

Annual return in Form-MGT-07 has been posted in the website the link of the same is mentioned below for reference https://www.manappuram.com/investors/annual-reports.html

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

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

During the year, Internal Financial Controls were reviewed periodically by the management and Audit Committee. Key areas were subject to various statutory and internal audits in order to review the adequacy and strength of IFC followed by the Company. As per the assessment, Controls are strong and there are no major concerns. The internal

Board's Report

financial controls are adequate and operating effectively so as to ensure orderly and efficient conduct of business operations.

Your Company has an independent internal audit function which carries out regular internal audits to test the design, operations, adequacy and effectiveness of its internal control processes and also to suggest improvements to the management. Board also appointed KPMG to provide co-sourced internal audit services to assist management of the company in the appraisal of its internal control functions, recommend improvements in processes and procedures and surface significant observations and recommendations for process improvements. Their observations along with management response are periodically reviewed by Audit Committee and Board and neccessary actions are taken.

36. LISTING WITH STOCK EXCHANGES

Your Company confirms that it has paid the Annual Listing Fees for the financial year 2020-21 to BSE and National Stock Exchange (NSE) where the Company's shares are listed.

37. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

During the year under review, there were 12 cases filed with the Internal Complaints Committee of the Company, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same were investigated and resolved. No complaints were pending more than 90 days during FY 2020-21.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

38. CONSOLIDATED FINANCIAL STATEMENTS

In Accordance with the Act, SEBI LODR and Indian Accounting Standard (IndAS) 27 on Consolidated Financial statements the audited consolidated financial statement is provided in the Annual Report.

39. CREDIT RATING

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

a. CRISIL rated Bank Loan Facilities amounting to ₹ 50,000 million as CRISIL AA/Stable.

b. CRISIL rated Non – Convertible Debentures amounting to ₹ 47,151 million as CRISIL AA/Stable.

c. CRISIL rated Commercial Paper of ₹ 40,000 million as CRISIL A1+

d. CRISIL rated PCG DA Nov 2019 of ₹ 1,000 million as CRISIL AA (SO)

e. CRISIL rated Market Linked Debenture of ₹ 5,000 million as CRISIL PP - MLD AA r/Stable

f. CARE rated Bank Loan Facilities for Long Term amounting to ₹ 60,444 million as CARE AA (Stable) (Double A; Stable)

g. CARE rated Bank Loan Facilities for Short Term amounting to ₹ 29,556 million as CARE A1+ (A One Plus)

h. Care rated Non-Convertible Debentures amounting to ₹ 30,972 million as CARE as AA (Stable)

i. Care rated Commercial Paper of ₹ 40,000 million as CARE A1+ (A 1 Plus)

j. Brickwork rated Non – Convertible Debentures amounting to ₹ 10,030 million as BWR AA+(Stable)

k. Brickwork rated Bank Loan facilities amounting to ₹ 70,000 million as BWR AA+ (Stable)

l. S&P rated US$ 750 million EMTN Programme and Senior Secured Notes as B+ /Stable and Short Term as B

m. Fitch rated US$ 750 million EMTN Programme and Senior Secured Notes as BB- /Stable

40. DETAILS OF AUCTIONS HELD DURING THE YEAR 2020 -21

Additional disclosures as required by RBI NDSI Master Directions, 2016 except for the below;

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A) (₹ in million)	Interest Amount outstanding at the dates of auctions (B) (₹ in million)	Total (A+B) (₹ in million)	Value fetched (₹ in million)
31-03-2020	48,026	1,161.54	214.87	1,376.41	1,505.62
31-03-2021	74,553	4,122.48	696.92	4,819.40	4,464.11

Note: No sister concern participated in the auctions during the year ended 31st March, 2020 and 31st March, 2021.

The excess amount realized in the auction is credited in a separate bank account.

41. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

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

42. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from Statutory Auditor in compliance with the conditions of corporate governance by the Company, for the year ended on 31st March, 2021 as stipulated in Part E of Schedule V of SEBI LODR is annexed as Annexure - X.

43. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no such significant / material orders passed by the Regulators during the financial year 2020-21 except for the below.

Regulator	Regulation	Amount of penalty	Paid details
RBI	Para 26 (2) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (updated from time to time) Charge - Failure to keep a record of verification of ownership of jewellery pledged by the borrowers and absence of Board approved policy in this regard. RBI Letter Ref No – EFD. CO.SO/106/02.14.006/2020-21 November 19, 2020	₹ 5,00,000/-	Penalty paid on 23-11-2020 UTRNo: NEFT/AXISP00162251894/ MANAPPURAM231120203/Enforce

44 MATERIAL EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the FY 2020-21 and the date of this report.

45. MAINTENANCE OF COST RECORDS

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

46. ACKNOWLEDGEMENT

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

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

Place: Valapad
Date: 26th May, 2021

Sd/-
Jagdish Capoor

Annexure I

PART_A

FORM AOC-1

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

(₹ million)

Name of the subsidiary	Manappuram Insurance Brokers Limited
The date since when subsidiary was acquired	1 January, 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
Share capital	15.7
Reserves and surplus	34.04
Total assets	78.93
Total Liabilities	78.93
Investments	43.87
Turnover	92.49
Profit before taxation	39.20
Provision for taxation	10.17
Profit after taxation	29.03
Proposed Dividend	-
Extent of shareholding	100%

Name of the subsidiary	Manappuram Home Finance Limited
The date since when subsidiary was acquired	12 March, 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A
Share capital	2000
Reserves and surplus	96.94
Total assets	6,689.33
Total Liabilities	6,689.33
Investments	-
Turnover	971.32
Profit before taxation	137.00
Provision for taxation:	34.11
Profit after taxation	102.89
Proposed Dividend	-
Extent of shareholding	100%

Annexure I

(₹ million)

Name of the subsidiary	Asirvad Micro Finance Limited
The date since when subsidiary was acquired	2014-15
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share capital	533.12
Reserves and surplus	10,021.23
Total Assets	58,255.94
Total Liabilities	58,255.94
Investments	0.50
Turnover	10,529.69
Profit before taxation	306.80
Provision for taxation	137.99
Profit after taxation	168.81
Proposed Dividend	Nil
Extent of shareholding	94.79%

Name of the subsidiary	Manappuram Comptech and Consultants Limited
The date since when subsidiary was acquired	30 March, 2019
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	F.Y 2020-21
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N/A
Share capital	52.7
Reserves and Surplus	58.36
Total Assets	178.56
Total Liabilities	178.56
Investments	50,000
Turnover	227.28
Profit before taxation	42.71
Profit after taxation	31.46
Proposed Dividend	-
Extent of shareholding	99.81%

Annexure I

PART_B

Financial Performance highlights of MANAPPURAM INSURANCE BROKERS LIMITED

(₹ In million)

Sl.No.	Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
1	Gross Income	99.00	150.24
2	Less: Total Expenditure	59.80	53.95
3	Profit Before Tax	39.20	96.28
4	Profit after Tax	29.03	73.29

During the FY ending 31.03.2021, the revenue of the Company decreased and company made Total Revenue from operations to the tune of ₹ 99.00 million as compared to ₹ 150.24 million in the year 2020-2021.

Total other income stood at ₹ 6.50 million as compared to ₹ 6.22 million in the year ending 31.03.2020.

Profit for the year after adjusting tax came to ₹ 29.03 million as compared to profit of ₹ 73.29 million during the last year ending 31.03.2020. Gross Income of the Company as at 31st March, 2021 is ₹ 99.00 million.

Financial Performance highlights of MANAPPURAM HOME FINANCE LIMITED

(₹ In million)

Sl. No.	Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
1	Gross Income	971.31	856.73
2	Less: Total Expenditure	834.30	757.50
3	Profit Before Tax	137.01	99.23
4	Profit after Tax	102.89	105.63

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

The Company has 9,966 loan accounts as on 31st March, 2021. Gross loan portfolio stood at ₹ 6,662.6 million. Total disbursement during the year 2020-21 was ₹ 1,245.7 million

Company has also ensured compliance to all the guidelines stipulated by the National Housing Bank for the Affordable housing finance industry. The Company had total staff strength of 531 as at March 2021.

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

Credit Rating Agency	Type of Facility	Rating
Brickwork	Fund based term loan & Cash credit	BWR AA - Stable
CARE	Long term bank loan	CARE AA- stable
CRISIL	Commercial Paper & Long-term bank facilities	Stable CRISIL AA - Stable

Annexure I

Financial Performance highlights of ASIRVAD MICRO FINANCE LIMITED

(₹ In million)

Sl.No.	Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
1	Total Income	10,771.84	1,10,14.44
2	Less: Total Expenditure	10,465.03	7,911.44
3	Profit before tax	306.80	3,103.00
4	Profit after Tax	168.81	2,353.28
5	Total Comprehensive Income	159.88	2,350.96

The operational highlights of your Company are:

During the year, company consolidated its operations in existing 24 states. There was an addition of 2 new branches for Micro finance business and 6 branches for MSME vertical. Company opened 23 branches for their foray into Gold loans.

Gross Loan Portfolio at ₹ 59,846.18 million

Head Count of 7,233 employee.

- Client base had increased to 2.41 million across 1,025 branches in 22 states (from 2.36 million across 1,030 branches in 22 states) in respect of micro finance loans
- Total disbursements during the year was at ₹ 35,970 million

Asirvad Micro Finance Limited has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.

Asirvad Micro Finance Limited maintained its highest rating of "MFI 1" in the industry for the financial year 2020-21. The bank loan rating is also re-affirmed as CRISIL AA-/Stable outlook By CRISIL

Credit Rating Agency	Instrument	Rating
CRISIL	Bank Loan	CRISIL AA-/Stable outlook (Reaffirmed)
CRISIL	Long term -NCD	CRISIL AA-/Stable outlook (Reaffirmed)
CRISIL	Long term subdebt	CRISIL AA-/Stable outlook (Reaffirmed)

Credit Rating Agency	Instrument	Rating
Brickwork	Long term -NCD	BWR AA-/stable

Credit Rating Agency	Instrument	Rating
CARE	Long term -NCD	CARE A+ ; stable

The Capital Adequacy Ratio was 23.33% as on 31st March, 2021 as against the minimum capital adequacy requirement of 15% stipulated for NBFC MFIs by Reserve Bank of India.

Total Income of the Company as at 31st March, 2021 is ₹ 10,771.84 million. Profit after Tax as at 31 st March, 2021 is ₹ 168.81 million.

AUM of the Company as at 31st March, 2021 is ₹ 59,846.18 million.

Annexure I

Financial Performance highlights of MANAPPURAM COMPTECH AND CONSULTANTS LIMITED

(₹ In million)

Sl.No.	Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
1	Gross Income	227.28	101.35
2	Less: Total Expenditure	184.57	77.27
3	Profit Before Tax	42.71	24.08
4	Profit after Tax	31.46	17.69

During the financial year ending 31.03.2021, your Company made Total Revenue from operations to the tune of ₹ 224.82 million as compared to ₹ 99.15 million in the year 2019-2020

Total other income stood at ₹ 2.46 million as compared to ₹ 2.20 million in the year ending 31.03.2020.

Profit for the year after adjusting tax came to ₹ 31.46 million as compared to profit of ₹ 17.69 million during the last year ending 31.03.2020.

Gross Income of the Company as at 31st March, 2021 is ₹ 227.28 million

Gross income of the Company for the year ended 31st March, 2021 is ₹ 227.28 million as compared to ₹ 101.35 million for the previous year and Profit for the year ended 31st March, 2021 is ₹ 42.71 million as compared to the profit of ₹ 24.08 million for the previous year.

Annexure II

Policy on Board composition and Compensation. (Last reviewed by the board on 19th March, 2021)

We, at Manappuram, believes that the corner stone of best governance practices is the board composition. We also believe that the synergy of versatile individuals with diversified skillsets at the board level has contributed a lot in bringing this Company into its present heights. Therefore, our commitment to have a competent and highly professional team of board members leads us to put in place a policy on identification and retention of eminent personalities as our Board members. In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 , the provisions of Listing Obligations & Disclosure Requirements Regulations, 2015 (LODR) and the regulatory frame work for Non-Banking Financial Companies (NBFCs) issued by Reserve Bank of India (RBI) the following policies are adopted for the time being to act as the guiding principles in the appointment of Directors and the matters connected therewith.

I) Definitions

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

i. **Board**- means the collective body of Directors of the Company

ii. **Committee**- means the committees of Directors constituted by the Board

iii. **Director**- means a Director appointed on the board of the Company

iv. **Fit and proper**- means the fit and proper criteria prescribed by the Reserve Bank of India as an eligibility requirement to be satisfied by an individual to be appointed as a Director of the Company.

v. **Independent Director-** means an Independent Director referred to in 2(47) of the Companies Act, 2013 and read with Regulation 16(1)(b) of LODR.

Provided that an individual shall be eligible to be appointed as an Independent Director only if his/her name is included in the data bank specified in Section 150 of the Companies Act 2013

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

II) Policy statements

1. Board Diversity

1.1 The board of Directors of the Company should have a fair combination of executive and non-executive Directors with not less than 50 percent being Non-Executive Directors. The Company shall maintain the strength of Independent Directors on its board keeping in mind the regulatory requirements and guidelines on Corporate Governance as per the LODR with the stock exchanges issued from time to time. The ratio of Independent Directors as per the present requirement is one third of the total strength of the board where the board is headed by a Non-Executive chairman and at least half of the board's strength in case the board is not headed by a regular non-executive chairman.

1.2 The Board shall have at least one Women Independent Director.

1.3 The Independent Director to be appointed on the board shall not hold Directorships in more than 7 listed companies.

1.4 The vacancy caused by the demitting of office by an Independent Director in any manner shall be filled within a period of 3 months or before the next board meeting whichever is later. However, this requirement will not be applicable in cases where the vacancy will not affect the minimum required strength of Independent Directors set under this policy or as per the statutory provisions/ regulatory requirements.

1.5 The Company shall appoint Directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the Company. The desired diversity may be fixed by the Nomination committee based on the nature of business of the Company from time to time. The diversity of the total board may include the following;

Expertise in;

i. Banking, Finance, Accountancy, Taxation

ii. Governance, Regulatory background, Law and practice

iii. Management, Administration (including Civil Service)

iv. Engineering, Human resource, Subject of social relevance

v. IT, Marketing

Annexure II

Policy on Board composition and Compensation. (Last reviewed by the board on 19th March, 2021)

1.6 On selection of an Independent Director, the Chairman of the Board/ Managing Director shall issue a letter of appointment to the Director and he shall also sign a deed of covenants in such format as may be prescribed by RBI.

2. Familiarization & Skill enhancement program for Directors

2.1 The Board may on the recommendation of the Nomination committee devise a familiarization program for Directors so as to give a fair understanding about the Company, its business and the general industry environment in which the Company and its subsidiaries are operating. This may be arranged by way of interactive sessions with Chairman of the Board, senior Directors, Managing Director and other Key management personnel of the Company. In addition, board may put in place an induction manual for Directors as it may deem fit.

2.2 A newly appointed Non-Executive Director may be given the opportunity to familiarize with the Company.

2.3 In addition to the familiarization program, the board may, if it thinks so, organize director's skill refreshment programs or workshop on topics relavant to the Directors/Company or nominate to programs organized by industry associations or professional bodies.

3. Assessment of independence & Fit and proper criteria.

3.1 While considering the appointment of an Independent Director, the Nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligation and Disclosure Requirements) 2015. The board shall on a continuous basis ensure that the Independent Directors continue to maintain their independence during their tenure on the board.

3.2 To achieve the above objectives, the board may obtain proper declarations from the appointee/ Directors at the time of appointment and at such intervals as the board may deem fit.

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

4. Age and tenure of Independent and non-executive Directors.

4.1 The Independent Directors appointed in the Company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act,2013.

4.2 The Company shall select persons normally with the maximum age of 75 years and the minimum age as prescribed by the provisions of Companies Act, 2013, LODR and direction/ guideline from RBI from time to time, for new appointments to the position of Independent Directors and non-executive Directors. No listed entity shall appoint a person or continue the directorship of any person as a non-executive Director who have attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

5. Review of performance of Independent Directors

5.1 The Nomination committee and the board shall put in place a mechanism for the review of performance of each Independent Director and other non-Executive Directors.

5.2 The review of performance shall be undertaken once in a financial year preferably before the next Annual General Meeting.

5.3 Based on the review of performance, the Nomination and Remuneration committee may recommend for the continuance, re-appointment or removal of Directors.

6. Compensation of Executive and Non-Executive Directors.

6.1 On the recommendation of the Nomination Committee, the board will fix the remuneration of Non-Executive Directors (including Independent Directors).

Annexure II

Policy on Board composition and Compensation. (Last reviewed by the board on 19th March, 2021)

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty percent of the total remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

6.2 The Non-Executive Directors other than nominee Directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the board from time to time.

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

6.4 Subject to the compliance with the provisions of Companies Act, 2013, the board may on the recommendation of the Nomination committee after taking into account the profitability of the Company for each financial year approve the payment of an annual commission payable to each non-executive (other than nominee Directors) / Independent Directors of the Company for each financial year or part thereof.

6.5 Where a Director has left the Company before the completion of a financial year or before approving the payment of commission by the board, the board may in its absolute discretion sanction such amount as commission to such Director for his services during the period for which the commission was fixed.

6.6 Remuneration of executive Directors shall be fixed by the Board on the basis of recommendation of the Nomination committee. The remuneration of the executive Directors shall be a combination of fixed monthly salary in terms of their appointment as approved by the board/ shareholders as required and a performance based annual commission to be decided by the board on the recommendation of the Nomination committee.

The fees or compensation payable to executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such executive Director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such Director.

Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013

6.7 The performance parameters to be applicable to the executive Directors, the minimum and maximum amount of commission payable in line with the achievement of various targets/ parameters will be decided by the Nomination committee from time to time.

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

7.1 The board may identify suitable persons to be appointed to the board positions for filling up vacancies.

7.2 The vacancies caused by the exit of an Independent Director may be filled by the appointment of an Independent Director. However, if the vacancy does not affect the strength of minimum required Independent Directors, the board may or may not fill the vacancy as it may deem fit.

7.3 Suitable candidates may be identified by the Directors from reputable references or from data banks maintained by industry associations, professional bodies or non-governmental organizations or by inviting applications through any media.

7.4 Vacancies in senior positions in the Company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the Nomination committee from time to time.

7.5 Company may identify critical positions and shall devise a system of proper mentoring to identify officers of the Company to take up the

Annexure II

Policy on Board composition and Compensation. (Last reviewed by the board on 19th March, 2021)

senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the Company.

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

8.1 The compensation structure of KMPs and senior team members shall consist of fixed salary components (including variable dearness allowances) at par with the industrial standards and a performance linked incentive/ bonus payment to be approved by the Nomination committee.

8.2 The compensation structure shall be devised in a manner that will help the Company to attract and retain top talents to run the Company efficiently with a long term perspective.

8.3 The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the Company.

III) Applicability of Laws/ regulations/ guidelines

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

IV) Applicability of the policy

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

V) Amendment to the policy.

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

Annexure III

Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July, 2020)

I. INTRODUCTION:

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

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

II. APPLICABILITY:

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

III. OBJECTIVE:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. It is essential to keep a stringent check on RPTs which may present a potential or actual conflict of interest and may act against the best interest of the Company and its shareholders.

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

IV. DEFINITIONS:

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

"Board" means Board of Directors of the Company;

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

"Material Related Party Transactions" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company; Not with standing the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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

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

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

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

V. POLICY:

All proposed Related Party Transactions must be presented before the Audit Committee for prior approval of the Committee.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval.

Annexure III

Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July 2020)

VI. IDENTIFICATION OF RELATED PARTIES AND INTERESTED DIRECTOR WITH RESPECT TO TRANSACTIONS:

Every Director will be responsible for providing a declaration in the format as per **Form RPT** containing the following information to the Company Secretary on an annual basis:

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

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

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

Every director of acompany who is in anyway, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate;or

(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall be deemed to be an "Interested director" and such director shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall abstain from participating in such meeting. Interested directors shall not be counted for the purpose of quorum for such item of business.It is there for eessential to ensure that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Committee, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

There may be instances where a director may not be concerned or interested at the time of entering into such contract or arrangement, but he/she may become concerned or interested after the contract or arrangement is entered into and thereby become an "interested director". In such cases, the director shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

VII. MODE OF REVIEW, VOTING AND APPROVAL OF RELATED PARTY TRANSACTIONS BY AUDIT COMMITTEE THROUGH CIRCULAR RESOLUTION:

In the event the director or officer of the Company determines that it is impractical to wait until a meeting of the Committee is convened to enter into a Related Party Transaction which is urgent by nature and satisfies the triple criteria of being in the arm's length, ordinary course of business and not material, such transaction shall be approved by a prior resolution by circulation.

All such transactions along with approvals granted shall be taken note of at the immediate next scheduled meeting of the Committee and recorded as part of its minutes.

Annexure III

Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July, 2020)

VIII. FACTORS FOR CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED RELATED PARTYTRANSACTIONS:

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

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

a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b. Whether the transaction could be material or significant by value;

c. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, ifany;

d. Whether the Related Party Transaction includes any potential reputational risks or misuse of corporate assets that may arise as a result of or in connection with the proposed Transaction;

e. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

f. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

For granting omnibus approval, the committee shall specify the following details:

a. Name of the related party;

b. Nature of the transaction;

c. Period of the transaction;

d. Maximum amount of the transactions that can be enteredinto;

e. Indicative base price / current contracted price and formula for variation in price, if any;

f. Justification for the omnibus approval.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction for the specific period approved.

The Audit Committee shall, quarterly review details and take note of all Related Party Transactions for which omnibus approval has been granted by the Audit Committee.

The omnibus approval shall be valid for a period of one financial year however subject to quarterly review and fresh approval shall be obtained after the expiry of one year.

IX. APPROVAL BY THE BOARD:

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or is a material related party transaction or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at ameeting.

X. APPROVAL BY SHAREHOLDERS

The Board of Directors of the Company shall mandatorily place before the members of the Company, all Material RPTs and obtain their approval.

Except with the prior approval of the Shareholders by a resolution, a company shall not enter into any RPTs as mandated under Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and/or material related party transactions as stipulated in Regulation 23 of SEBI (Listing

Annexure III

Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July 2020)

Obligations and Disclosure Requirements), Regulations, 2015.

In all cases, where shareholders' approval is necessary for any RPT, the Company Secretary shall ensure that the agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

(a) the name of the related party and nature of relationship;

(b) the nature, duration of the contract and particulars of the contract or arrangement;

(c) the material terms of the contract or arrangement including the value, if any;

(d) any advance paid or received for the contract or arrangement, if any;

(e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

(f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

(g) any other information relevant or important for the Board to take a decision on the proposed transaction.

The Company Secretary shall ensure that the explanatory statement to be annexed to the notice of a general meeting convened for obtaining approval of members in relation to the proposed RPTs shall contain the following particulars:

a. Name of the relatedparty;

b. Name of the director or key managerial personnel who is related, ifany;

c. Nature of relationship;

d. Nature, material terms, monetary value and particulars of the contract or arrangement;

e. Any other information relevant or important for the members to take a decision on the proposed resolution.

The Board shall be ultimately responsible for seeking approvals from shareholders as per the requirements of Applicable Laws which may vary from time totime.

XI. DISCLOSURE, RECORDING AND REPORTING OF RELATED PARTYTRANSACTIONS:

a. Company shall disclose each year in the Audited Financial Statements transactions with Related Parties as prescribed in the applicable Accounting Standard as well as accounting policies governing transactions with Related Parties.

b. Disclosure in the Board's Report to the shareholders shall be made as prescribed under Companies Act, 2013.

c. Details of all material related party transactions with Related Parties shall be disclosed to stock exchanges quarterly, along with the compliance report on corporate governance.

d. Company shall submit within 30 days of publication of half yearly financial results, Standalone or Consolidated as may be applicable, disclosures of all RPTs, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

e. The Company Secretary shall make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

XII. DISSEMINATION OFPOLICY:

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

XIII. POLICY REVIEW:

Board shall review the overall policy once in three years and modify or update the same in accordance with the changes to the threshold limits or as may be required by the amendments to Applicable Laws.

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Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July, 2020)

Annexure 1:

Form RPT

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

Dear Sir,

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

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

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

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

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

Sr. No.	Name of the Body Corporate

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

Sr. No.	Name of the person	Relation

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

Annexure III

Policy on Determination of Related Parties and Dealing with Related Party Transactions ("RPT POLICY")
(Last amended by the Board on 29th July 2020)

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

Signature:________
Name:
Designation:
Place:
Date:
Schedule.

Schedule to Form RPT
LIST OF RELATIVES

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

Annexure IV

Conservation of energy, Technology absorption and Foreign exchange Outgo

CONSERVATION OF ENERGY

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

We at Manappuram are inclined to go for conservation of energy by encouraging adoption of go green initiatives. The Company follows a practice of purchasing and using energy efficient electrical or electronic equipment and gadgets for its operations. Additionally, optimal use of technology may also lead to substantial conservation of energy.

(ii) the steps taken by the Company for utilizing alternate sources of energy:

The Company is exploring the potential of using alternate sources of energy including solar energy and would continue to explore alternative sources of energy in future.

(iii) the capital investment on energy conservation equipments : Nil

(A) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption

The Company was one of the first NBFCs to build and operate a centrally managed software application and all its branches across the country operate online with direct access to the centrally hosted applications, through wide area data network. We are upgrading the network connectivity/revamping the application landscape and toped up by information security too to support the deployment and ease of usage of technology.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution; The Company continues to differentiate itself from other market competitors by continuously developing new technological platforms to offer ease of operations and transparency for its customers, these next-gen innovations are poised to completely transform the gold loan industry.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable

Annexure V

(Pursuant to Section 135 of Companies Act 2013, read with relevant Rules.)

1. Brief outline on CSR Policy of the Company.

   Manappuram Foundation, a charitable organization set up in October 2009, is implementing and driving forward the Corporate Social Responsibility (CSR) of Manappuram Finance Ltd. (MAFIL). It was well involved in the CSR sphere years before it became a law of the land. With a vision to create healthy, educated and happy communities, MAFIL has spent ₹ 218.04 million through the Foundation during FY20-21 towards CSR in the following area:

   - Promotion of Quality Education
   - Promotion of Healthcare / Preventive Health Care
   - Development of the Rural Communities

   Manappuram Foundation's strategy is to collaborate with internal as well as external stakeholders to make an impact in the community through grass root programmes in Quality Education, Healthcare and Community Development. At present, the bulk of the Foundation's activities are centred at the Thrissur coastal belt, which is also where MAFIL is headquartered. The financial audit and social audit is also conducted periodically to measure the impact of all major projects in CSR and to make sure the activities are in line with the vision and mission as approved by MAFIL.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Sutapa Banerjee	Chairperson - Independent, Non-Executive	2	2
2.	Mr. V.P. Nandakumar	Member -Non-Independent, Executive	2	2
3.	Adv. V.R. Ramachandran	Member- Independent, Non-Executive	2	2
4.	Mr. Abhijit Sen	Member-Independent, Non-Executive	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - https://www.manappuram.com/public/uploads/editor-images/files/Policy-7-CSR%20Policy.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable for the financial year under review

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

(₹ in million)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	2018-19	-	-
2	2019-20	-	-
3	2020-21	-	-
TOTAL		-	-

6. Average net profit of the company as per section 135(5). - ₹ 13,358.28

7. (a) Two percent of average net profit of the company as per section 135(5) - ₹ 267.17

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil

Annexure V

(Pursuant to Section 135 of Companies Act 2013, read with relevant Rules.)

(c) Amount required to be set off for the financial year - Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 278.76 (including opening unspent of ₹ 11.59 million)

8. (a) CSR amount spent or unspent for the financial year

(₹ in million)

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
218.04	62.97	16.04.2021	-	-	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Expansion of Manappuram Ambulance Service	Preventive Health Care	Yes	Kerala	Thrissur	1 year	15.63	5.63	10.0	No	Manappuram Foundation	CSR00004545
2.	Expansion of MAcare units	Preventive Health Care	Yes	Kerala	Thrissur	2 year	55.97	3.00	52.97	No	Manappuram Foundation	CSR00004545
	Total						71.6	8.63	62.97			

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation- Direct (Yes/No)	Mode of implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Ambulance service	Preventive healthcare	Yes	Kerala	Thrissur	3.12	No	Manappuram Foundation	CSR00004545
2.	Gym, fitness & yoga	Preventive healthcare	Yes	Kerala	Thrissur	2.39	No	Manappuram Foundation	CSR00004545
3.	MAHIMA Counseling and psychotherapy	Preventive healthcare	Yes	Kerala	Thrissur	2.11	No	Manappuram Foundation	CSR00004545
4.	MAcare diagnostics	Preventive healthcare	Yes	Kerala	Thrissur	17.34	No	Manappuram Foundation	CSR00004545

Annexure V

(Pursuant to Section 135 of Companies Act 2013, read with relevant Rules.)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation- Direct (Yes/No)	Mode of implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
5.	Donation for free dialysis, for individuals having ailment, Ayush and other projects.	Preventive healthcare	Yes	Kerala	Thrissur	3.84	No	Manappuram Foundation	CSR00004545
6.	Covid-19 related- Food kit/Mask/ Sanitizer, TV to poor students	Preventive healthcare	Yes	Kerala	Thrissur	2.98	No	Manappuram Foundation	CSR00004545
7.	Mukundapuram and Mageet Schools	Promotion of Quality education	Yes	Kerala	Thrissur	119.81	No	Manappuram Foundation	CSR00004545
8.	Skilling for students- MASkill/ MAIAM	Promotion of Quality education	Yes	Kerala	Thrissur	9.63	No	Manappuram Foundation	CSR00004545
9.	Students coaching for higher education- CA/ entrance	Promotion of Quality education	Yes	Kerala	Thrissur	12.94	No	Manappuram Foundation	CSR00004545
10.	Supporting various educational institutions and organizations	Promotion of Quality education	Yes	Kerala	Thrissur	1.31	No	Manappuram Foundation	CSR00004545
11.	Community development programs/ Housing projects support etc	Rural development projects	Yes	Kerala	Thrissur	26.53	No	Manappuram Foundation	CSR00004545
	TOTAL					**202.01**			

(d) Amount spent in Administrative Overheads - ₹ 7.4 million

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year(b+c+d+e) - ₹ 218.04 Million

(g) Excess amount for set off, if any - Nil

Sl. No.	Particular	Amount (in ₹ million)
	Two percent of average net profit of the company as per section 135(5)	267.17
	Total amount spent for the Financial Year	218.04

Annexure V

(Pursuant to Section 135 of Companies Act 2013, read with relevant Rules.)

Sl. No.	Particular	Amount (in ₹ million)
	Excess amount spent for the financial year [(ii)-(i)]	Nil
	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9 (a) Details of Unspent CSR amount for the preceding three financial years:

(in ₹ million)

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2017-18	-	-	-	-	-	-
2.	2018-19	-	-	-	-	-	-
3.	2019-20	-	11.59	-	-	-	-
	TOTAL	**-**	**11.59**	**-**	**-**	**-**	**-**

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project Completed / Ongoing
1.	-	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details) -** No capital assets have been created or acquired in the name of the Company through the CSR spent in the financial year 2020-21

a. Date of creation or acquisition of the capital asset(s) - NA

b. Amount of CSR spent for creation or acquisition of capital asset: - NA

c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc - NA

d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): - NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – The company is more focused on preventive health care and improving the health facilities due to Covid 19 Pandemic and such projects are ongoing in nature.

Annexure VI

MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Manappuram Finance Limited** (CIN L65910KL1992PLC006623) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial year ended on 31st March 2021, according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

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

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

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

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

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

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

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

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

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

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

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

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

(a) The Reserve Bank of India Act, 1934;

(b) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

(c) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;

(d) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

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

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

(b) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited for listing its equity and debt securities.

Annexure VI

MR-3

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

(a) Foreign Direct Investment and Overseas Direct Investment;

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

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

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

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

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

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

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

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

i. The Company vide resolution of the shareholders passed at the 28th Annual General Meeting held on 28th August, 2020 approved the resolution for amending Clause 30 of the Memorandum of Association by Insertion of Clause 30A to enable the Incidental Object stating "to put to effective use the printing assets of the company in a manner that is most advantageous and beneficial for revenue generation and in the best interests of the company". The amendment to the objects clause of the Memorandum of Association was registered on 09th Day of October, 2020.

ii. The Company had increased its borrowing powers under Section 180[1(c)] of Companies Act, 2013 vide resolution of the shareholders passed at the 28th Annual General Meeting held on 28th August, 2020 from ₹ 25,000 crores to ₹ 30,000 crores.

iii. The Company raised funds during the Financial year through Private Placement of Rated, Secured, Redeemable Non-Convertible Debentures amounting to ₹ 3,853 crores. The Company also raised through Commercial Paper amounting to ₹ 4325 crores. The aforesaid borrowings by the Company were within the overall limits approved by the shareholders of the company under Section 180[1(c)] of Companies Act, 2013.

For KSR & Co Company Secretaries LLP
Dr. C.V. Madhusudhanan,
Partner
FCS:5367; CP:4408
UDIN: F005367C000175911

Date: 26th May, 2021
Place: Coimbatore

Annexure VII

ADDITIONAL DISCLOSURES W.R.T. ESOS 2016

(i) Employee wise details of options granted/Restored from Lapsed options to

a) Senior Managerial Personnel of Manappuram Finance Limited-Nil

b) Senior managerial personnel of Subsidiary -Manappuram Insurance Brokers Limited/Asirvad Micro Finance Limited/ Manappuram Home Finance Limited/ Manappuram Comptech and Consultants Limited- Nil

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year: Nil

(iii) Identified employee who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

(iv) Number of shares arising as a result of exercise of options - 13,71,604. Money realised by exercise of options under ESOS 2016 during the FY 2020-21: ₹ 127.86 million

(v) Disclosure of Weighted average exercise price and Weighted average fair value is not applicable as there is only one exercise price

(vi) Options Vested during the year: 4,08,249

Annexure VIII

Remuneration as Required Under Section 197 (12) of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details Pertaining to Remuneration as Required Under Section 197 (12) of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl No.	Name of Director/KMP and designation	% increase in Remuneration in the Financial Year 2020-21	Ratio of remuneration of each Director/KMP/ to median remuneration of employees
1.	V. P. Nandakumar (MD & CEO)	25.65	613
2.	B. N. Raveendra Babu (Director)	(93.70)	6
3.	Jagdish Capoor (Chairman)	0.13	19
4.	Shailesh J Mehta (Director)*	1,447.37	23
5.	P. Manomohanan (Director)	16.05	16
6.	V. R. Ramachandran (Director)	34.23	16
7.	Sutapa Banerjee (Director)	18.78	15
8.	Abhijit Sen (Director)	107.25	19
9.	Harshan Kollara (Director)**	743.86	14
10.	Gautam Ravi Narayan (Director)	NA	NA
11.	Bindu. A. L. (CFO)	11.10	35
12.	Manoj Kumar V.R. (CS)	2.51	13

*Shailesh Mehta (DIN: 01633893) was appointed as additional director on 27.02.2020 has been re-designated as Independent Director of the Board with effect from 28.08.2020.

**Harshan Kollara (DIN: 01519810) was appointed as additional director on 28.01.2020 has been re-designated as Independent Director of the Board with effect from 28.08.2020.

The median remuneration of employees of the Company during the financial year 2020-21 was ₹ 0.24 million.

ii. In the financial year, there was an increase of 5% in the median remuneration of employees.

iii. There were 24,934 permanent employees on the rolls of Company as on 31st March, 2021

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e.2020-21 was 4.01% whereas the decrease in the managerial remuneration for the same financial year was 11.85%, which is reflective of the enhanced financial performance of the Company. Net Profit of the Company increased by 38.01% over the same period.

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

TOP 10 EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2020-21

Sl. no	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation
1.	V.P. Nandakumar	MD & CEO	MSc, CAIIB (Part-I), PGDFT (IIFT)	67	MD &CEO	28.79%	28.7	15-07-1992	150	Officer, Nedungadi Bank

Annexure VIII

Remuneration as Required Under Section 197 (12) of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. no	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation
2.	BINDU.A.L.	Executive Vice President	Chartered Accountant	47	Chief Financial Officer	0.01%	22.81	15-06-1998	15.70	Mohandas & Associates Chartered Accountants, Audit Assistant
3.	K SENTHIL KUMAR	Executive Vice President	MBA	49	CEO-Vehicle and Equipment Finance	0.003%	6.84	02-06-2014	12.03	Fullerton India Credit Company Limited, Head ABF business
4.	ASEEM BHARDWAJ	Executive Vice president	MBA	49	CEO-Corporate Finance	Nil	3.02	23-04-2018	9.86	Kotak Mahindra Bank Limited Senior Vice President and Business Head-Corporate
5.	RAJU.N	Senior Vice President	Chartered Accountant	40	Senior Vice President-Analytics and Business Review	Nil	16.61	23-08-2004	9.84	C Seshadri Nandan FCA, Audit Assistant
6.	SATHEESH KUMAR M	Sr .General Manager	B.A.	56	CEO PERSONAL LOAN	0.00003%	31.45	15-07-1992	6.64	Has more than 31 years' experience in MAFIL.
7.	KAMAL. P.PARMAR	General Manager	MBA	51	ZONAL BUSINESS HEAD - CVF	Nil	6.66	10-21-2014	5.44	Regional Collection Manager - Fullerton India Credit Company Ltd.
8.	RAJIV RATHINAM	General Manager	BCOM	46	GM - FRAUD CONTROL	0.00099%	5.93	7-15-2015	5.34	Global Head of Investigations, Scope International
9.	K SENTHIL KUMAR	Vice President	MBA	49	HEAD CREDIT-VEF	Nil	1.61	11-8-2019	4.95	National Credit Head – Magma Fincorp Ltd
10.	DHIRAJ AGRAWAL	Senior Vice President	PGDBM - BSC	49	CEO-TWO WHEELER FINANCE	0.0001%	4.37	2-2-2017	6.33	He has 20 years of Experience in Two-Wheeler Industry. His last assignment was with Home Credit India Pvt Ltd as Vice President-Product Management (Two-Wheeler/New Products).

*Assem Bhardwaj resigned with effect from 01.02.2021

EMPLOYEES DRAWING A REMUNERATION OF 10.2 MILLION OR ABOVE PER ANNUM DURING THE FINANCIAL YEAR 2020-21

Sl. no	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation	Whether employee is a relative of any director or manager of the company
1	V.P. Nandakumar	MD & CEO	MSc, CAIIB (Part-I), PGDFT (IIFT)	67	MD &CEO	28.79%	28.7	15-07-1992	150	Officer, Nedungadi Bank	No

Annexure VIII

Remuneration as Required Under Section 197 (12) of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. no	Employee Name	Designation	Educational Qualification	Age	Nature of Employment	% of equity shares held by the employee in the Company	Experience (Years)	Date of Joining	Gross Remuneration paid (₹ in million)	Previous Employment and designation	Whether employee is a relative of any director or manager of the company
2	K Senthil Kumar	Executive Vice President	MBA	49	CEO – Vehicle and Equipment Finance	0.003%	6.84	02-06-2014	12.03	Fullerton India Credit Company Ltd.,Head ABF Business	No
3	Bindhu A.L	Executive Vice President	Chartered Accountant	47	Chief Financial Officer	0.01%	22.81	15-06-1998	15.70	Mohandas & Associates Chartered Accountants, Audit Assistant	No

EMPLOYEES DRAWING A REMUNERATION OF 0.85 MILLION OR ABOVE PER MONTH FOR PART OF THE FINANCIAL YEAR 2020-21

There was no employees who were drawing remuneration in excess of 0.85 million and was employed only for part of the Financial Year 2020-21

Annexure IX

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

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2021

To
The Members,
Asirvad Micro Finance Limited
Regd. Office:
Deshbandhu Plaza, First Floor
No. 47, Whites Road
Chennai - 600014

1. I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Asirvad Micro Finance Limited (hereinafter referred as the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

2. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the "Financial Year" ended on 31st March, 2021, (i.e. from 1st April, 2020 to 31st March, 2021) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of

   A. The Companies Act, 2013 (the "Act") and the rules made thereunder;

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

   C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   D. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   E. Reserve Bank of India - NBFC (Non-Banking Financial Companies) norms, directions, regulations, circulars etc.

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

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

      b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

      d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

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

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

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

      h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

      i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. I have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Ltd.

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

6. I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on the basis of the management representation that the Company has complied with all the industrial specific applicable laws.

Annexure IX

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

7. **I further report that,**

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

    (ii) Adequate notices are given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

    (iii) All the decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings.

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

9. I further report that during the audit period, the Company has undertaken the following reportable events:

(i) During the year ended 31st March, 2021, the Company issued and allotted the following Non-convertible Debentures:

Sl No.	Type of Debentures Allotted	Date of Allotment	No. Of Debentures
1.	Secured, Senior Rated, Taxable, Transferable, Listed, Redeemable, Non-Convertible Debentures	28-May-20	500
2.	Secured, Senior, Rated, Listed, Taxable, Transferable, Redeemable, Non-Convertible Debentures	29-May-20	200
3.	Secured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	12-Jun-20	250
4.	Secured, Rated, Listed, Senior, Redeemable, Non-Convertible Debentures	22-Jun-20	500
5.	Secured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	26-Jun-20	850
6.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	24-Jul-20	250
7.	Secured, Senior, Redeemable, Non-Convertible, Rated, Listed, Transferable, Taxable Debentures	06-Aug-20	1,000
8.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	08-Sep-20	500
9.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	19-Nov-20	1,500
10.	Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures	14-Dec-20	1,000
11.	Secured, Senior, Rated, Listed, Redeemable, Taxable, Transferable, Non-Convertible Debentures	30-Dec-20	750
12.	Unsecured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	05-Feb-21	7,500
13.	Unsecured, Unsubordinated, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	03-Mar-21	1,000
14.	Unsecured, Unsubordinated, Rated, Listed, Redeemable, Non-Convertible Debentures	08-Mar-21	500
15.	Unsecured, Subordinated, Rated, Listed, Redeemable, Non-Convertible Debentures	26-Mar-21	10,000
16.	Rated, Unlisted, Senior, Secured, Taxable, Transferable, Redeemable Non-Convertible Debentures,	30-Mar-21	500

Annexure IX

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

(ii) Members of the Company at the Annual General Meeting held on 25th August, 2020 accorded their approval to the Board to borrow by issue of Non-convertible debentures and Commercial Papers, for the purpose of Company's business, in the case of Non-convertible debentures up to an aggregate amount not exceeding ₹ 3,000 Crore and in the case of Commercial Papers up to an aggregate amount not exceeding ₹ 1,000 Crores u/s 42, 71 of the Companies Act, 2013 and read with other provisions as well as rules made thereunder.

(iii) Members of the Company at the Annual General Meeting held on 25th August, 2020 accorded their approval to the Board to borrow money over and above the paid-up share capital, free reserves and securities premium of the Company, upto an aggregate amount not exceeding ₹ 7,500 Crores,

(iv) Members of the Company at the Annual General Meeting held on 25th August, 2020 accorded their approval to the appointment of

a) Mr. Subrata Kumar Atindra Mitra as an Independent Director of the Company effective from 25th August, 2020 and for a term up to 31st December, 2022.

b) Mr. Abhijit Sen as an Independent Director of the Company for a term of 5 years with effect from 25th August, 2020.

c) Mr. B N Raveendra Babu as Joint Managing Director and Key Managerial Personnel for a period of 5 years with effect from 1st June, 2020.

Hari. S
Practising Company Secretary
Membership No. 821
Certificate of Practice No. 4276
UDIN: F000821C000208182

Place: Chennai
Date: 9th May, 2021

Annexure IX

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

Annexure-A

To
The Members,
Asirvad Micro Finance Limited
Deshbandhu Plaza, First Floor
47, Whites Road,
Chennai 600 014.

My secretarial audit report is to be read along with this letter.

a. Maintenance of secretarial and other records is the responsibility of the management of the Company. My responsibility is to express an opinion on the relevant records based on my audit.

b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

c. I have not verified the correctness and appropriateness of financial, tax records and books of accounts of the Company.

d. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of the procedures on test/sample basis.

f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Hari. S
Practising Company Secretary
Membership No. 821
Certificate of Practice No. 4276
UDIN:F000821C000208182

Place: Chennai
Date: 9th May, 2021

Annexure X

To
The Members of,
Manappuram Finance Limited

Independent Auditors' Certificate On Corporate Governance

1. This certificate is issueWd in accordance with the terms of our engagement letter dated October 15, 2020.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Manappuram Finance Limited (the "Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. 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.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2021.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

G.K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 21109839AAAAGG8435

Place: Mumbai
Date: 26th May, 2021

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

Your Company is in compliance with the requirements of corporate governance, as applicable, specified in regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") and the Companies Act, 2013 (amended as on date). The Company is also in compliance with the Corporate Governance and Disclosure norms for NBFCs issued by Reserve Bank of India vide Chapter XI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Direction, 2016").

Your Company has adopted Manappuram Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report Trading by Insiders and also adopted Internal Guidelines on Corporate Governance in compliance with RBI Master Direction, 2016. These codes are available in the Company website - https://www.manappuram.com/policies-codes.html

BOARD OF DIRECTORS

A. Composition of the Board

Your Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. There are ten Directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in SEBI (LODR) Regulations, 2015, and Companies Act, 2013. This composition also fulfils the norms prescribed by Reserve Bank of India in this regard. As on 31st March, 2021 out of the (10)ten Directors, (1) One is an Executive Director (2) Two are non-executive non-independent Directors and (7) Seven are Independent Directors. Out of (7) Seven Independent Directors, (1) one Independent Director is a woman director.

Policy on Board Composition and Compensation is in place for ascertaining the fit and proper criteria of the Directors at the time of appointment and on a continuing basis. The policy on the fit and proper criteria is in line with RBI Master Direction, 2016 and all existing Directors are fit and proper to continue to hold the appointment as a Director in the Board.

All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 read with Section 149(6) of the Companies Act, 2013. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director as per disclosures regarding Committee positions in other public companies made by the Directors during the year under review. None of the Directors are related to each other.

None of the Independent Directors of the Company hold independent directorship in more than seven listed companies and none of them serving as a whole time Director in any listed company.

During the year, a separate meeting of Independent Directors was held on 06th March, 2021 and all Independent Directors Except Mr. Manomohan Pandat (DIN: 00042836) were present for that meeting, The Independent Directors, inter- alia, reviewed the performance of non-independent Directors, Chairman of the Company and the Board as a whole.

B. Meetings & attendance

During FY 2020-21 the Board met on Nine occasions viz. 03.04.2020, 14.05.2020, 18.05.2020, 29.05.2020, 29.07.2020, 01.10.2020, 06.11.2020 29.01.2021, and 19.03.2021.

The details of participation in the meetings and other relevant information are given in the below statement.

Corporate Governance Report

Name & Category of Director	Category of Directors	No. of Board Meetings attended	Whether attended the last AGM	Details of membership in Committees of the Board*		Shareholding of Non-Executive Directors	Number of Directorships in Companies**	
				Member	Chairman		Chairman	Member
Mr.Jagdish Capoor, Chairman	Independent, Non-Executive	9	Yes	4	2	2,000	1	3
Mr. V.P.Nandakumar, Managing Director & CEO	Promoter and Non-Independent, Executive	9	Yes	3		NA	0	1
Mr.B.N.Raveendra Babu***	Non-Independent, Non Executive	9	Yes	3	0	14,17,236	0	1
Adv. V. R. Ramachandran	Independent, Non-Executive	9	Yes	2	1	11,45,000	0	1
Mr. P. Manomohanan	Independent, Non-Executive	8	Yes	2	0	7,93,582	0	1
Mr. Gautam Ravi Narayan	Non-Independent, Non-Executive	9	Yes	1	0	0	0	1
Ms. Sutapa Banerjee	Independent, Non-Executive	9	Yes	9	2	0	0	6
Mr. Abhijit Sen	Independent, Non-Executive	9	Yes	9	4	0	0	5
Mr. Harshan Kollara****	Independent Non Executive	9	Yes	1	0	0	0	1
Mr. Shailesh J Mehta*****	Independent Non Executive	9	Yes	3	1	5,00,000	0	2

*As required by Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosures includes Membership/Chairpersonship of Audit Committee and Stakeholder's Relationship Committee of Companies including Manappuram Finance Limited only are shown.

** Only Listed Companies including Manappuram Finance Limited are shown.

*** Mr B.N Raveendra Babu (DIN: 00043622) has been redesignated as Non-Executive Director with effect from 01.06.2020

****Mr. Harshan Kollara (DIN: 01519810) has been re-designated as Independent Director of the Board with effect from 28.08.2020.

*****Mr. Shailesh Mehta (DIN: 01633893) has been re-designated as Independent Director of the Board with effect from 28.08.2020
.

The names of the listed entities where the person is a director and the category of directorship other than Manappuram Finance Limited

Mr. Jagdish Capoor		Ms. Sutapa Banerjee		Mr. Abhijit Sen		Mr. Shailesh J Mehta	
Company	Category	Company	Category	Company	Category	Company	Category
LIC HOUSING FINANCE LTD	Independent, Non-Executive	JSW HOLDINGS LIMITED	Independent, Non-Executive	KALYANI FORGE LIMITED	Independent, Non-Executive	SAFARI INDUSTRIES (INDIA) LIMITED	Independent, Non-Executive

Corporate Governance Report

Mr. Jagdish Capoor		Ms. Sutapa Banerjee		Mr. Abhijit Sen		Mr. Shailesh J Mehta	
Company	**Category**	**Company**	**Category**	**Company**	**Category**	**Company**	**Category**
SPANDANA SPHOORTY FINANCIAL LIMITED	Independent, Non-Executive	NIYOGIN FINTECH LIMITED	Independent, Non-Executive	UJJIVAN FINANCIAL SERVICES LIMITED	Independent, Non-Executive		
		JSW ISPAT SPECIAL PRODUCTS LIMITED	Independent, Non-Executive	UGRO CAPITAL LIMITED	Independent, Non-Executive		
		CAMLIN FINE SCIENCES LIMITED	Independent, Non-Executive	TATA INVESTMENT CORPORATION LIMITED	Independent, Non-Executive		
		GODREJ PROPERTIES LIMITED	Independent, Non-Executive				

C. Change in the Board of directors during FY 2020-21

Mr. Harshan Kollara (DIN: 01519810) was appointed as Additional Director on 28.01.2020 and was further appointed as Independent Director of the Board at the 28th Annual Genral Meeting of the company with effect from 28.08.2020.

Mr. Shailesh Mehta (DIN: 01633893) was appointed as Additional Director on 27.02.2020 and was further appointed as Independent Director of the Board at the 28th Annual General Meeting of the company with effect from 28.08.2020.

Mr. B. N. Raveendra Babu (DIN: 00043622) has been re-designated as Non-Executive Director with effect from 01.06.2020

There were no other changes in Directors or Key Managerial Personnel during the FY 2020-21.

D. Information provided to the board members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Section 179 of the Companies Act, 2013 and Regulation 17 read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

The Board periodically reviews the statement submitted by the unlisted subsidiaries on all significant transactions and arrangements entered into by it during that period. The Board also reviews periodical compliances of all applicable laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

COMMITTEES OF THE BOARD

The Board has constituted sub-committees of the Board. Each Committee of the Board functions according to the terms of reference as approved by the Board. Meeting of each sub-committee is convened by the respective Committee Chairman. The composition and terms of reference of these sub-committees including the number of meetings held during the financial year and the related attendance are given below:

A. Audit Committee

The Company has constituted a qualified and independent Audit Committee as required under Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (LODR) Regulations, 2015. The Committee also fulfils the provisions of RBI Master Direction, 2016. The Committee has six members eminently qualified to handle accounts, finance, audit and legal matters. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee met Seven times during FY 2020-21 viz. 14.05.2020, 29.05.2020, 28.07.2020, 01.10.2020, 04.11.2020, 28.01.2021 and 19.03.2021. The constitution, record of attendance of meetings and other details of the Audit Committee of the Company are below:

Corporate Governance Report

Composition, Meetings and Attendance as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	Abhijit Sen*	Chairman	Independent, Non-Executive	7	7
2	P. Manomohanan**	Member	Independent, Non-Executive	7	6
3	Sutapa Banerjee	Member	Independent, Non-Executive	7	7
4	Gautam Narayan	Member	Non-Independent, Non-Executive	7	7
5	Jagadish Capoor****	Member	Independent, Non-Executive	7	4
6	Dr Shailesh J Mehta***	Member	Independent, Non-Executive	7	3
7	Mr. Harshan Kollara *****	Member	Independent, Non-Executive	7	3

* Abhijith Sen was re-designated as Chairman of Audit Committee with effect from 01.10.2020;

** P Manomohanan was re-designated as member of Audit Committee with effect from 01.10.2020;

*** Dr Shailesh Mehta was inducted into Audit Committee with effect from 01.10.2020;

**** Jagdish Capoor ceased to be member of Audit committee with effect from 01.10.2020

***** Harshan Kollara was inducted into Audit Committee with effect from 01.10.2020.

Terms of Reference of Audit Committee

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:

a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause(c) of Sub-section 3 of section 134 of the Companies Act 2013.

b. Changes if any in accounting policies and practices and reasons for the same.

c. Major accounting entries involving estimates based on the exercise of judgment by management.

d. Significant adjustment made in the financial statement arising out of audit findings.

e. Compliance with listing and other legal requirements relating to the financial statements.

f. Disclosure of any related party transactions.

g. Qualifications in the draft audit report.

5. Reviewing with the management the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised 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.

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.

13. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department,

Corporate Governance Report

reporting structure coverage and frequency of internal audit.

14. Discussion with internal auditors regarding any significant findings and follow-up thereon.

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

17. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the function of whistle blower mechanism in case the same exists.

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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

21. Carrying out any other function as mentioned in the terms of reference of audit committee.

22. Audit Committee also reviews and recommends to the Board of Directors, Quarterly and annual report on frauds in terms of RBI Master Circular on Frauds – Future approach towards monitoring of frauds in NBFCs and complaints received under the Prevention of Sexual Harassment against Women in Work Place Act, 2012.

23. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision

B. Nomination, Compensation & Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee of the Company was constituted to oversee the compliance with the Reserve Bank of India's Circular No. DNBS/PD/CC/94/03.10.042/2006-07 dated 8 May, 2007 to ensure that eminent and experienced persons are appointed as directors. The Committee was reconstituted on 01.10.2020. The Committee also meets the requirements of Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The Committee met 3 times during FY 2020-21 viz. 14.05.2020, 29.07.2020, 06.11.2020.

Composition, Meetings, and Attendance during the FY ended 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	Dr Shailesh J Mehta*	Chairman	Independent, Non-Executive	3	1
2	Jagdish Capoor	Member	Independent, Non-Executive	3	3
3	Gautam Ravi Narayan	Member	Non-Independent, Non-Executive	3	3
4	Sutapa Banerjee**	Member	Independent, Non-Executive	3	3

*Dr Shailesh J Mehta was re-designated as chairman of Nomination, Compensation and Corporate Governance Committee with effect from 01.10.2020;

**Sutapa Banerjee was re-designated as member of Nomination, Compensation and Corporate Governance Committee with effect from 01.10.2020.

Terms of Reference of Nomination, Compensation and Corporate Governance Committee

Considering the statutory provisions under Section 178 of the Companies Act, 2013, provisions of SEBI LODR (Listing Obligation and Disclosure Requirement) Regulations, 2015 and the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs, the role and responsibilities of the committee can be classified into three broader categories such as;

Corporate Governance Report

i. of nomination

ii. of fixation of remuneration and performance evaluation

iii. of Governance

The committee shall effectively discharge its roles and responsibilities in the following manner.

I. Role of Nomination

a) 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 vacancy on the Board of the Company including the position of executive/whole time directors.

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

II. Role of Fixing Remuneration and Evaluation of performance

a. The Committee shall formulate and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel, Senior Management and other employees from time to time.

b. The policy as aforesaid shall ensure that-

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

3. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals;

c. 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.

d. 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.

e. 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.

The period of gap between two such reviews shall not elapse fifteen months.

1. As per SEBI (LODR) Regulations 2018 (Amendment Regulations) dated 9 May, 2018, the additional responsibilities entrusted with Nomination Compensation and Corporate Governance Committee with effect from 1 April, 2019 are as follows:-

i. NRC shall revisit the list of Senior Management to assess the additions to the list.

ii. NRC shall recommend remuneration of Senior Management to the Board.

ii. Formulating Succession Planning for Senior Management.

iv. Review and affirm the Senior Management shall abide by the code of conduct on an annual basis.

2 Senior Management shall make disclosure to the Board relating to all material, financial and commercial transactions, where they have a personal interest that may have a potential conflict with the interest of the Company at a large.

Corporate Governance Report

For the purpose of this code the term " Senior Management" shall mean to include one level below Chief Executive Officer/Managing Director/Whole Time Director/Manager (Including CEO/Manager, incase they are not part of the Board), and shall specifically include Company Secretary and Chief Financial Officer.

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, non-executive and executive directors meeting the governance standards set by the Board and in compliance with regulatory requirements, SEBI(LODR) Regulations 2015. 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 is always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the Company.

e. 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 at all times ensure that the sub committees of the Board is functioning and are constituted according to the regulatory requirements 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.

Remuneration of Directors

a) There is no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company.

b) Criteria of making payments to non-executive directors: While considering the level of commission payable to the independent, non-executive directors, the Nomination, Compensation and Corporate Governance Committee take into account various factors such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the Board, fit and proper status and feedback of performance appraisal questionnaire, etc. There is no relationship between Directors inter-se.

Disclosures with respect to Remuneration

Independent, Non-Executive Directors

(₹ In million)

Sl.No.	Name	Commission	Sitting Fee	ESOS
1	Jagdish Capoor	4.0	0.70	NIL
2	V.R. Ramachandran	2.8	1.13	NIL
3	P.Manomohanan	2.8	1.24	NIL
4	Sutapa Banerjee	2.8	0.81	NIL
5	Abhijit Sen	3.8	0.81	NIL
6	Harshan Kollara*	2.8	0.53	NIL
7	Shailesh J. Mehta**	5.0	0.55	NIL

* Harshan Kollara was redesignated as Independent Non-Executive director with effect from 28.08.2020.

** Shailesh J Mehta was redesignated as Independent Non-Executive director with effect from 28.08.2020.

Non-Independent, Executive Directors

In million

Sl No.	Name	Salary	Commission	Benefits/Provident Fund	Perquisites	Bonus	Sitting Fee	ESOS (no. of options)
1	Mr. V.P Nandakumar	75	75	9.01	-	-	-	-

Non-Independent, Non-Executive Directors

Sl No.	Name	Salary	Commission	Benefits/Provident Fund	Perquisites	Bonus	Sitting Fee	ESOS (no. of options)
1.	B.N.Raveendra Babu*	1.41	-	0.16	6.46	-	-	1,00,000

*BN Raveendra Babu was re designated as Non-Executive Director with effect from 01.06.2020

Performance Evaluation Parameter for MD & CEO

I	**Business**
	Achieving growth and profitability targets as per Board Approved Annual Business Plan of MAFIL
	Achieving growth and profitability targets as per Board Approved Business Plan of Subsidiary Co's
	Gold Loan AUM adjusted for price
II	**Technology / IT**
	Making IT a key differentiator and a competitive advantage for all business - focussing on data based customer centric approach for better service with lower costs and less time (TAT)
III	**Audit, Legal and Compliance**
	Ensuring all businesses - in MAFIL and its Subsidiaries are compliant to all Regulatory Rules, Regulations, Guidelines and Statutes - like RBI / Co's Act / SEBI / Listing Guidelines etc.
	Ensuring compliance with Co's Audit , Risk Control and Other Policies and Processes
IV	**Strategic Growth Initiatives**
	Developing and executing the strategy for future growth and competitiveness in businesses - including M&A for in-organic growth
V	**Succession Plan**
	Building CEO succession plan
	Strengthening the 2nd line of management and building leaders in respective businesses and functions that could carry the Group's businesses to the next level

Performance evaluation criteria for independent directors is detailed in Boards Report.

Service Contracts, Notice Period, Severance Fees: Nil

C. Stakeholders Relationship and Securities Transfer Committee

The Company has constituted Stakeholders Relationship and Securities Transfer Committee in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178(5) of the Companies Act, 2013 to monitor the securities holders and investor complaints / grievances and also to ensure quick redressal of investor complaints associated with transfer/ transmission / dematerialisation of shares, non-receipt of Balance Sheet, Dividend warrants etc.

Corporate Governance Report

Board earlier constituted Securities Transfer Committee to comply with provisions of section 46 of Companies Act, 2013 read with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014.

In order to ease the both committees functioning, Board at its meeting held on 25.05.2017 merged the Securities Transfer Committee into Stakeholders Relationship Committee and accordingly to comply with the provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 and rules made thereunder as both Stakeholders Relationship Committee and Securities Transfer Committee have functions primarily aimed at serving security holders of the Company.

Composition, Meetings & Attendance as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	V.R. Ramachandran	Chairman	Independent, Non-Executive	4	4
2	P. Manomohanan	Member	Independent, Non-Executive	4	3
3	V.P. Nandakumar	Member	Non-Independent, Executive	4	4
4	B.N. Raveendra Babu *	Member	Non-Independent, Non-Executive	4	4

*BN Raveendra Babu was re designated as Non-Executive Director with effect from 01.06.2020

Scope

Stakeholders Relationship Committee was constituted to specifically look into the redressal of shareholder and investors complaints / grievances like transfer and transmission of securities, non-receipt of annual report / notice / declared dividends / interest / redemption amount, etc. and all other securities-holders related matters.

Securities Transfer Committee normally approves transfers, transmission, etc. of securities and issues split, duplicate certificates of securities issued by the Company.

Name, designation and address of Compliance Officer:
Mr. Manoj Kumar V.R., Company Secretary
Manappuram Finance Limited, IV/470A(old) W638A(New) Manappuram House,
P.O - Valapad, Thrissur District, Kerala, India - 680 567 Phone -0487-3050408 E-Mail - cs@manappuram.com

Details of investor complaints received and redressed during the financial year 2020- 21 are as follows:

Nature of Security	Complaints pending at the beginning of the year ended 31.03.2020	Complaints received during the year ended 31.03.2021	Complaints disposed and resolved at the end of the year 31.03.2021	Complaints unresolved at the end of the year31.03.2021
Equity	0	0	0	0
Private placement-Retail NCD	0	0	0	0
Private Placement- Institutional NCD	0	0	0	0
Public Issue of Bonds	2	36	38	0
Complaints registered in SCORES	0	3	3	0
Subordinated Bonds	0	4	4	0

D. Corporate Social Responsibility Committee (CSR Committee)

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) in line with the provisions of Section 135 of the Companies Act, 2013 which has substantial roles and responsibilities in respect of projects to be recommended to the Board and also for the monitoring of the CSR projects and reporting.

A brief outline of Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board is annexed with Board's Report.

Composition, Meetings & Attendance as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	Sutapa Banerjee	Chairman	Independent, Non-Executive	2	2
2	V.P. Nandakumar	Member	Non-Independent, Executive	2	2
3	V.R. Ramachandran	Member	Independent, Non-Executive	2	2
4	Abhijit Sen*	Member	Independent, Non-Executive	2	2

***** Abhijit Sen was inducted into Corporate Social Responsibility Committee with effect from 01.10.2020

Role of the CSR Committee include

i. Review and recommend any new CSR initiatives to be taken up by the Company including the selection / appointment of implementation agencies.

ii. Review the progress of CSR projects already undertaken by the Company and the utilisation of budgets for each such projects.

iii. Review and recommend the CSR report to be included in the Board's report.

iv. Review and recommend any amendments to be made in the CSR policy of the Company.

v. Formulation and recommend to the Board an Annual Action Plan.

vi. Formulate and Draft the CSR policy and recommend the same to the Board for approval;

vii. Monitor the Corporate Social Responsibility Policy of the company from time to time.

vii. To carry such other functions as may be delegated to it by the Board relating to CSR activities of the Company.

E. Risk Management Committee (RMC)

The Company has constituted Risk Management Committee (RMC) in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015 and RBI Master Direction, 2016.

The committee reviews the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, manage the integrated risk, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The RMC shall meet on a quarterly basis and reports to the Board.

Corporate Governance Report

Composition, Meetings & Attendance as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1.	Abhijit Sen	Chairman	Independent, Non-Executive	4	4
2.	P Manomohanan	Member	Independent Non-executive	4	3
3.	V.P.Nandakumar	Member	Non-Independent, Executive	4	4
4.	B.N.Raveendra Babu*	Member	Non-Independent, Non- Executive	4	2
5.	Ms.Sutapa Banerjee**	Member	Independent, Non-Executive	4	2
6.	Dr.Shailesh J Mehta***	Member	Independent, Non-Executive	4	2
7.	Harshan Kollara****	Member	Independent, Non-Executive	4	2
8.	Jagdish Capoor*****	Member	Independent, Non-Executive	4	2
9.	Gautam Narayan	Member	Non-Independent, Non-Executive	4	4

* B N Raveendra Babu ceased to be member of Risk Management Committee with effect from 01.10.2020;
** Sutapa Banerjee ceased to be member of Risk Management Committee with effect from 01.10.2020;
***Dr Shailesh Mehta was inducted into Risk Management Committee with effect from 01.10.2020;
****Harshan Kollara was inducted into Risk Management Committee with effect from 01.10.2020;
*****Jagdish Capoor ceased to be member of Risk Management Committee with effect from 01.10.2020.

Purpose and Scope of RMC & Powers:

A) The purpose of the RMC reviews the risk management framework and risk appetite of the Company, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required. To this effect the RMC will:

i) Oversee the development and implementation of the risk management strategy and practices by the Company and assess the effectiveness thereof.

ii) Ensure that the Company has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible.

iii) Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators.

iv) Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.

v) Review major breaches in policy.

vi) Appraise uncovered / residual risks to the Board.

vii) Continuous monitoring of the existence of Cyber security in the Company.

viii) Assess the capacity of the Company to withstand major 'shocks', financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals.

B) The RMC shall be empowered to call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Company, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts / professionals where considered desirable or essential.

F. Asset- Liability Management Committee (ALCO)

The Company has constituted Asset- Liability Management Committee (ALCO) in line with provisions of RBI Master Direction, 2016 and Asset Liability Management (ALM) System for NBFCs – Guidelines. Reserve Bank of India has stipulated templates for reporting Structural liquidity (DNBS-4B) Dynamic Liquidity (DNBS-4A) and Interest Rate Sensitivity (DNBS-4B) and provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on DNBS-4A and DNBS-4B for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO as and when needed depending upon the necessity.

Composition, Meetings & Attendance as on 31st March, 2021

Sl. No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	V P. Nandakumar	Chairman	Non-Independent, Executive	4	4
2	B.N. Raveendra Babu*	Member	Non-Independent, Non-Executive	4	1
3	Bindu A.L	Member Secretary	Chief Financial Officer	4	4
4	Madhu Mohan A.M	Member	Chief Risk Officer	4	4

*B.N Raveendra Babu ceased to be member with effect from 01.06.2020

Terms of Reference of Asset - Liability Management Committee (ALCO):

I. The committee shall transact the following business;

   a. Management of liquidity position, long term and short term.

   b. Review of ALM Returns to be submitted to RBI.

   c. Decision on disposal of surplus funds of the Company for shorter durations (up to 6 months).

   d. Pricing of the products of the Company depending upon the cost and benefit analysis both on the asset side and liability side of the balance sheet.

   e. Notwithstanding anything stated herein above, the committee shall consider and discharge such other functions as may be necessary for the day to day management of the Company or such other functions as may be directed by RBI from time to time.

II. CEO of the Company shall act as the chairman of the committee

III. The committee shall have power to invite such other officers or employees of the Company as and when required

IV. The committee shall function under the overall supervision of the risk management committee of the Board.

V. CFO shall act as the member secretary of the committee.

Discussion paper covering the following areas will be deliberated by ALCO namely;

1. Liquidity risk management
2. Management of market risk
3. Funding and capital planning
4. Profit planning and growth projection
5. Forecasting and analyzing 'What if scenario' and preparation of contingency plans

G Financial Resource & Management Committee

The Financial Resources and Management Committee has been constituted by the Board of Directors to facilitate the day to day management of the Company.

Composition of Committee as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	V P. Nandakumar	Chairman	Non-Independent, Executive	36	36
2	B.N. Raveendra Babu*	Member	Non-Independent, Non-Executive	36	36

Corporate Governance Report

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
3	P. Manomohanan	Member	Independent, Non-Executive	36	35
4	V.R. Ramachandran	Member	Independent, Non-Executive	36	36

*BN Raveendra Babu was re designated as Non-Executive Director with effect from 01.06.2020

The committee's function is to oversee and deal with the following operational matters from time to time

a) The committee shall meet as and when it becomes necessary to consider urgent matters coming up between two board meetings and requiring Board's sanction.

b) The quorum for the meeting of the committee shall be 3 members.

Functions and duties

The committee shall be responsible for overseeing and dealing with operational matters from time to time. Such matters include:-

(i) Investments

(a) To deliberate and make recommendation to the Board on all transactions and matters relating to the business of the Company or its investments.

(b) Dispose the short term surplus of the Company in eligible short term investment instruments and securities with a maturity period of not more than one year as recommended by the ALM committee of the Company or to meet any statutory obligations or cash collaterals as part of lending arrangement or as caution deposits and also to authorise 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 portfolios or by such other means with banks and other financial institutions including the signing of such documents for facilities within the borrowing powers of the Board.

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) Authorise changes in signatories in respect of accounts maintained by the Company with banks and other financial institutions.

f) Authorisation for opening, operation and Closing of Bank Accounts in different centres for different branches.

g) Approve fully hedged foreign currency transactions with banks and other financial institutions

h) Buyback or Re-purchase of NCDs and other Debt Securities

(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

a) Authorising officers of the Company for making necessary application for registration under different enactments for employee welfare, fiscal and other municipal or local or subordinate legislations.

Authorising 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.

b) Authorising officers of the Company by grant of power of attorneys or by way of resolution for matters in connection with day to day business activities, opening of branches, execution of rent/ tenancy agreements, represent the Company before any statutory or regulatory bodies.

Corporate Governance Report

H. Debenture Committee

The Debenture Committee has been constituted by the Board of Directors for public Issuance of debentures of the Company.

Composition of Committee as on 31st March, 2021

Sl.No	Name of the Member	Position	Category of Directors	Number of Meetings during the financial year 2020 -21	
				Held	Attended
1	V P. Nandakumar	Chairman	Non-Independent, Executive	NIL	
2	B.N. Raveendra Babu	Member	Non-Independent, Non-Executive		
3	Bindu AL	Member	Chief Financial Officer		
4	Manoj Kumar VR	Member	Company Secretary		

The functions of the Debenture Committee include:

(i) authorisation 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 authorised 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 authorising 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 finalised 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) finalisation of arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;

(x) appointing the debenture trustee and execution of the trust deed in connection with the Issue, in accordance with the provisions of the Debt Regulations;

(xi) authorisation of the maintenance of a register of holders of the Bonds;

(xii) finalisation of the basis of allotment of the Bonds including in the event of oversubscription;

(xiii) finalisation 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.

Corporate Governance Report

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the Company are given below:

Year	Date	Time & Place	Special Resolutions Passed
2020	28th August	Audio-visual means (at: 11.00 A.M.)	Approval for amending the Incidental Objects in the Memorandum of Association
			Approval to borrow in excess of the paid-up share capital and free reserves and securities premium of the Company under Section 180(1)(c) of the Companies Act, 2013
			Approval to create charge/mortgage over the properties of the Company for the purpose of borrowing in the terms of Section 180(1)(a) of the Companies Act, 2013.
			Appointment of Mr. Harshan Kollara Sankarakutty (DIN: 01519810) as an Independent, Non-Executive Director.:
			Appointment of Mr. Shailesh Jayantilal Mehta (DIN: 01633893) as an Independent Non-Executive Director.
2019	27th August	11.00.a.m Latha Convention Centre Valapad Thrissur	To appoint a director in place of Mr. E. A. Kshirsagar (DIN: 00121824), who retires by rotation, and being eligible, offered himself for reappointment.
			To raise funds through Private Placement of Secured Redeemable Non-Convertible Debentures (NCDs).
			Revision of remuneration by way of increment and variation in the terms of appointment of Mr. V. P. Nandakumar, Managing Director & CEO (DIN: 00044512)
			Approval to borrow in excess of the paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013.
			Approval to create charge/mortgage over the properties of the Company for the purpose of borrowing in the terms of Section 180(1)(a) of the Companies Act, 2013.
2018	21st August	11.00.a.m Latha Convention Centre Valapad Thrissur	To raise funds through Private Placement of Secured Redeemable Non-Convertible Debentures (NCDs).

No Extraordinary General Meeting held during the financial year 2020-21.

No resolutions were passed vide Postal Ballot during the financial year 2020-21. No special resolution is proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

The Company publishes the un-audited / audited financial results on quarterly basis in accordance with the provisions of SEBI (LODR) Regulations, 2015.

The financial results in the prescribed format are published in leading newspapers including Business Line, Mathrubhumi etc. Other major announcements pertaining to Board Meetings, postal ballot, etc. are also published as above. The Company has its website at www.manappuram.com where in relevant information about the Company and its performance including board approved policies / code are given. The financial results of the Company are also posted on its web site. Detailed presentations made to institutional investors / analysts on overall performance of the Company are also posted in its website on a quarterly basis for the benefit of investors and other stake holders.

All information/communication for shareholders are duly filed with National Stock Exchange and BSE Limited and the same are posted in the Company's website.

Corporate Governance Report

GENERAL SHAREHOLDER INFORMATION

Financial Year	2020-21
Dividend Payment Date	NA (No final dividend recommended by the Board)
Listing on Stock Exchanges	BSE Limited (BSE) 25th floor, P. J. Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (East), Mumbai 400 051
Stock Code	BSE-531213 NSE- MANAPPURAM
Corporate Identity Number (CIN)	L65910KL1992PLC006623
Registrar and Share Transfer Agents	S.K.D.C. Consultants Limited, Category I Registrars and Share Transfer Agents "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, TN, India Phone: +91 422 4958995, 2539835/ 836
Compliance Officer	Mr. Manoj Kumar V R, Company Secretary Ph: 0487-3050408 Email: cs@manappuram.com
Company Address	Manappuram Finance Limited, IV/470A (OLD) W 638A (NEW) Manappuram House, Valapad PO, Thrissur-680 567 Kerala Phone: 0487- 3050108, 3050000. Fax 0487- 2399298 Email: mail@manappuram.com

PAYMENT OF LISTING FEES

Annual listing fee for FY 2020-21 has been paid by the Company to BSE and NSE.

PAYMENT OF DEPOSITORY FEES

Annual Custody/Issuer fee for FY 2020-21 has been paid by the Company to NSDL and CDSL.

MARKET PRICE DATA

Share Price Movements of the Company on NSE during each month of FY 2020-21

Month	Close	Open	High	Low	Volume
Apr-20	134.15	94.20	135.30	90.30	224.46M
May-20	125.20	127	131.90	111.25	228.62M
Jun-20	151.35	127.15	162.45	127	260.40M
Jul-20	158.50	152.55	187.25	151.95	246.42M
Aug-20	148	161	169	146	216.73M
Sep-20	157.15	149.60	165.40	139.70	183.22M
Oct-20	155.40	157	170	153	113.33M
Nov-20	179.85	170	173.8	153.4	168.25M
Dec-20	177.4	156.20	180.35	154	112.68M
Jan-21	156.10	165.95	177.75	152	104.43M
Feb-21	176.10	158	185	155.20	121.99M
Mar-21	149.20	180	180.10	146.75	101.23M

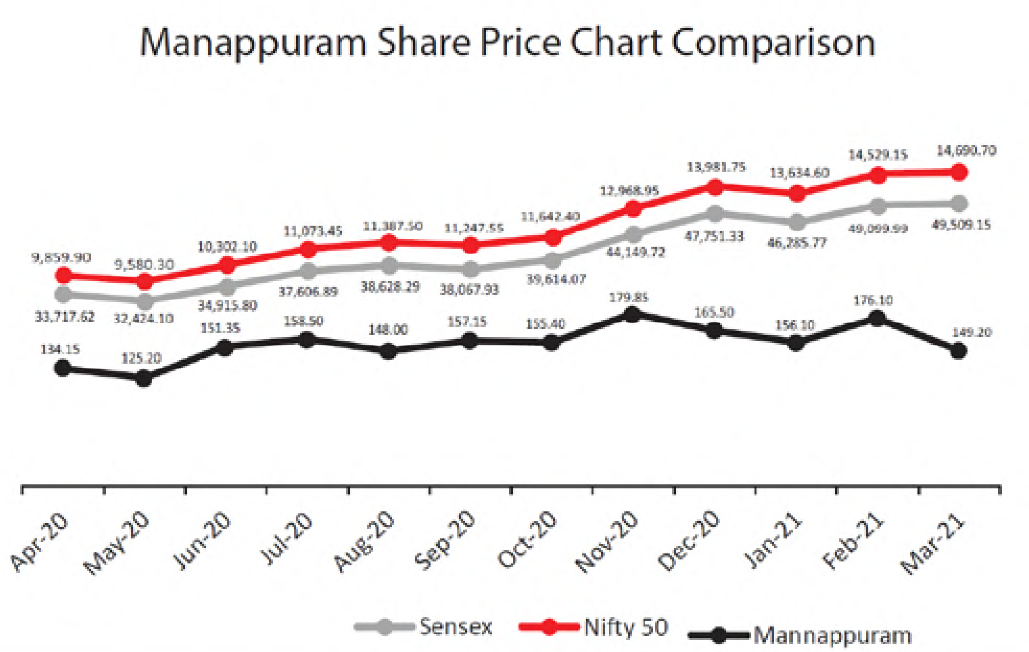
Corporate Governance Report

Share Price Movements of the Company on BSE during each month of FY 2020-21

Month	Close	Open	High	Low	Total Turnover
Apr-20	134.30	94.75	135.40	90.35	1176.81M
May-20	125.20	129.80	131.90	111.35	1259.52M
Jun-20	151.30	126.20	162.45	126.20	2018.50M
Jul-20	158.50	154.20	187.30	152.05	2134.25M
Aug-20	148.15	161.00	169.00	146.00	2049.16M
Sep-20	157.00	148.20	165.45	139.70	1420.75M
Oct-20	155.50	157.90	169.95	152.95	832.14M
Nov-20	179.80	156.50	180.35	154.05	1309.24M
Dec-20	165.75	180	180.95	154.10	995.40M
Jan-21	156.10	165.60	177.60	151.10	983.55M
Feb-21	176.20	160.85	184.90	155.35	1582.20M
Mar-21	149.15	179.90	179.90	146.80	1595.38M

Share Price Performance

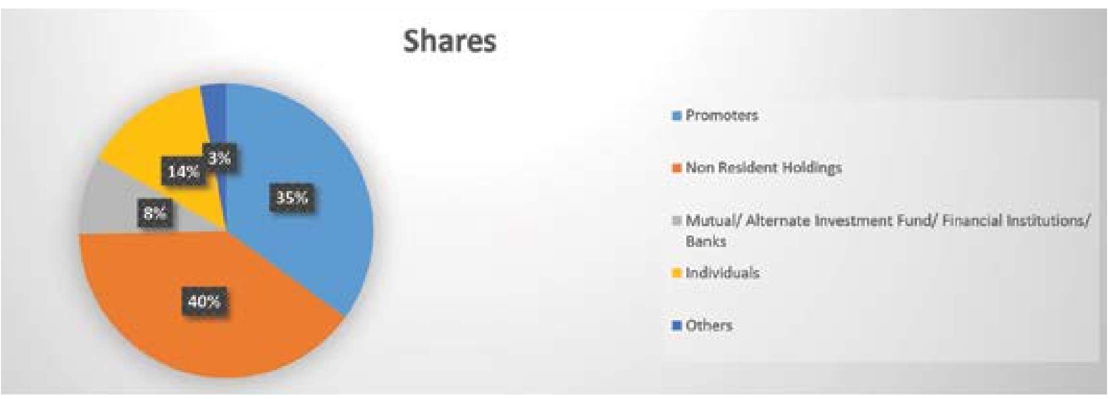
Performance of the Share Price in comparison to BSE Sensex and Nifty 50



Corporate Governance Report

List of Top 10 Shareholders as on 31st March, 2021:

SL NO	NAME	No. of Shares held	No. of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares
1	V P NANDAKUMAR	24,36,72,171	24,36,72,171	28.79
2	QUINAG ACQUISITION (FPI) LTD	8,37,85,880	8,37,85,880	9.90
3	DSP SMALL CAP FUND	4,93,39,330	4,93,39,330	5.83
4	SUSHAMA NANDAKUMAR	4,80,01,078	4,80,01,078	5.67
5	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	3,12,12,087	3,12,12,087	3.69
6	BARCLAYS MERCHANT BANK (SINGAPORE) LIMIT	1,93,93,717	1,93,93,717	2.29
7	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	1,65,21,482	1,65,21,482	1.95
8	DURO ONE INVESTMENTS LIMITED	1,45,20,525	1,45,20,525	1.72
9	BNP PARIBAS ARBITRAGE	1,26,58,480	1,26,58,480	1.50
10	BARING INDIA PRIVATE EQUITY FUND II LIMITED	1,20,77,965	1,20,77,965	1.42



SHARE TRANSFER SYSTEM

The Company's shares are compulsorily in the Demat form and are transferrable through Depository System. Both the dematerialization requests and physical share transfers are processed at the office of the Registrar and Transfer Agents of the Company, M/s. SKDC Consultants Limited.

Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

Distribution of shareholding as on 31st March, 2021:

(1) VALUE (₹)	(2)	(3)	(4)	(5)
UPTO 5,000	2,07,864	96.95	7,13,11,404	4.21
5,001 -- 10,000	2,995	1.40	2,20,09,406	1.30
10,001 -- 20,000	1,620	0.76	2,32,27,688	1.37
20,001 -- 30,000	499	0.23	1,23,23,870	0.73

Corporate Governance Report

(1)	(2)	(3)	(4)	(5)
VALUE (₹)				
30,001 -- 40,000	393	0.18	1,44,75,674	0.86
40,001 -- 50,000	166	0.08	74,87,964	0.44
50,001 -- 1,00,000	369	0.17	2,62,15,152	1.55
1,00,001 AND ABOVE	489	0.23	1,51,56,78,300	89.54
Total	**2,14,395**	**100**	**1,69,27,29,458**	**100**

DEMATERIALISATION AND LIQUIDITY

The Company is a member of the depository services of the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As on 31/03/2021, 99.5% of the equity shares of the Company are in electronic form with the depositories as detailed below:

Category	No.of Shares	%
NATIONAL SECURITIES DEPOSITORY LTD	49,72,47,459	58.751
CENTRAL DEPOSITORY SERVICES LTD	34,53,49,242	40.804
PHYSICAL HOLDINGS	37,68,028	0.445
Total	**84,63,64,729**	**100**

Shareholders can get their shares dematerialised with either NSDL or CDSL. Through SKDC Consultants Limited, Registrars and Share Transfer Agents, the Company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE522D01027.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on 31st March, 2021, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments. No equity shares are in the suspense account / demat suspense account / unclaimed suspense account.

INTERIM DIVIDEND

Dividend details are provided in point 17 of Board's Report.

Last date for claiming Unclaimed Dividend from the Company are detailed below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2014	31-Jul-14	07-Sep-21
2015	25-Jul-14	01-Sep-21
2015	30-Oct-14	07-Dec-21
2015	03-Feb-15	10-Mar-22
2015	14-May-15	21-Jun-22
2016	14-Aug-15	21-Sep-22
2016	05-Nov-15	12-Dec-22
2016	12-Feb-16	19-Mar-23
2016	11-Mar-16	18-Apr-23
2017	09-Aug-16	16-Sep-23
2017	10-Nov-16	17-Dec-23
2017	08-Feb-17	15-Mar-24
2018	25-May-17	02-Jul-24
2018	10-Aug-17	17-Sep-24
2018	07-Nov-17	14-Dec-24
2018	08-Feb-18	15-Mar-25
2019	18-May-18	25-Jun-25
2019	09-Aug-18	16-Sep-25
2019	06-Nov-18	13-Dec-25
2019	06-Feb-19	13-Mar-26
2020	15-May-19	22-Jun-26
2020	13-Aug-19	20-Sep-26
2020	06-Nov-19	13-Dec-26
2020	28-Jan-20	07-Mar-27
2020	27-Feb-20	03-Apr-27
2021	06-Nov-20	11-Dec-27
2021	29-Jan-21	05-Mar-28

Corporate Governance Report

Claiming of unclaimed dividends before transfer to IEPF. Shareholders are advised to make their claim for the unclaimed dividends in respect of the Shares held by them, by writing to Registrar and Share Transfer Agents, S.K.D.C. Consultants Limited, Category I Registrar and Share Transfer Agents, "Surya" 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road Coimbatore – 641028, TN India Phone: +91 422 4958995, 2539835-836) Email: info@skdc-consultants.com

Claiming of shares/dividends after transfer to IEPF

In case any shareholder wish to claim the shares / Dividend(s) after its transfer to IEPF, a separate application has to be made to the IEPF Authority in Form IEPF-5, as prescribed under the IEPF Rules and the same is available at IEPF website i.e., www.iepf.gov.in.

List of shareholders who have not claimed the dividends for the continuous seven years onwards and whose shares are to be transferred to IEPF will be posted on the Company's website.

The above details can be accessed through https://www.manappuram.com/investors/transfer-of-shares-to-iepf.html

OTHER DISCLOSURES

There were no materially significant related party transactions having potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 42 of Standalone financial statements.

The Company has complied with all the directives issued by stock exchanges and other statutory authorities. No penalties and strictures were imposed on the Company by any of the regulatory authorities such as the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non- compliance on any matter related to capital markets during the last three years 2018-19, 2019-20 and 2020-21, except for the below:

BSE	Regulation 18(1) Non-Compliance with the constitution of Audit Committee	₹ 1,32,160 (₹ 2,000 per day computed till quarter ended December 31, 2018) plus GST	BSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2,000 per day computed till quarter ended March 31, 2019) plus GST	BSE notice dated 02.05.2019 Paid on 04.05.2019
NSE	Regulation 18(1) Non-Compliance with the constitution of Audit Committee	₹ 1,32,160 (₹ 2,000 per day computed till quarter ended December 31, 2018) plus GST	NSE notice dated 31.01.2019 Paid on 08.02.2019
		₹ 84,960 (₹ 2,000 per day computed till quarter ended March 31, 2019) plus GST	NSE notice dated 02.05.2019 Paid on 09.05.2019
BSE	Regulation 44(3) delayed submission of Voting Results	₹ 11,800 (Fine amount per instance ₹ 10,000) plus GST	BSE notice dated 06.11.2019 Paid on 21.11.2019
NSE	Regulation 44(3) delayed submission of Voting Results	₹ 11,800 (Fine amount per instance ₹ 10,000) plus GST	NSE notice dated 06.11.2019 Paid on 21.11.2019

Regulator	Regulation	Amount of penalty	Paid details
RBI	Para 26 (2) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (updated from time to time) Charge - Failure to keep a record of verification of ownership of jewellery pledged by the borrowers and absence of Board approved policy in this regard. RBI Letter Ref No - EFD.CO.SO/106/02.14.006/2020-21 November 19, 2020	₹ 5,00,000/-	Penalty paid on 23-11-2020 UTRNo: NEFT/AXISP00162251894/ MANAPPURAM231120203/Enforce

Corporate Governance Report

The Company has adopted the following policies in line with provisions of SEBI (LODR) Regulations, 2015 and its web link:

Policy for determining Material Subsidiaries – https://www.manappuram.com/public/uploads/editor-images/files/Policy%20-23-Policy%20for%20determining%20Material%20Subsidiary.pdf

Policy for Determination of Materiality and Disclosure of Material Events / Information – https://www.manappuram.com/public/uploads/editor-images/files/Policy%20%2019-Policy%20for%20Determination%20of%20Materiality%20and%20Disclosure%20of%20Material%20eventsinformation.pdf

Policy on Preservation of Documents and Archival of Documents in the Company Website – https://www.manappuram.com/public/uploads/editor-images/files/P%20OLICY%20ON%20PRESERVATION%20OF%20DOCUMENTS%20AND%20ARCHIVAL%20OF%20DOCUMENTS%20IN%20%20T%20HE%20COMPANY%20WEBSITE%281%29.pdf

Policy on Related Party Transactions - https://www.manappuram.com/public/uploads/editor-images/files/RPT Policy.pdf

The Company is in compliance with all the corporate governance requirements mandated by Part A to D of Schedule II of the SEBI (LODR) Regulations, 2015. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI (LODR) Regulations, 2015:

a. The auditors' report on statutory financial statements of the Company are unmodified.

b. Mr. Jagadish Capoor is the Non-Executive Chairman of the Company and Mr. V. P. Nandakumar is the Managing Director and Chief Executive Officer of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.

c. KPMG has been appointed to provide co-sourced Internal Audit services to assist the management of the Company in the appraisal of its internal control functions,recommend improvements in its process and procedures and surface significant observations and recommendations for process improvements.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has formulated Whistle Blower Policy and Vigil Mechanism ("the Policy") in line with the provisions of Regulation 4 and 22 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 with a view to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company.

The vigil mechanism of the Company provides adequate safeguards against the victimization of any directors or employees or any other person who avail the mechanism and also provides direct access to the Chairman of the Audit Committee. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link – https://www.manappuram.com/public/uploads/editor-images/files/Policy-18-whistle%20blower%20policy.pdf

Commodity Price Risks

The Company lends against the collateral of used gold jewellery. When the customer fails to repay the principal plus interest of the loan, the Company auctions the collateral and recovers the dues as per the RBI guidelines on gold loan auctioning. The amount recovered at the time of auction depends on the price of the gold content of the jewellery. As gold is a commodity, the Company does therefore bear an exposure to commodity price risk. If gold prices are high, the amount of recovery at the time of auction is more and when the price of gold is low the amount recovered at the time of auction is lower. At the time of auction, the Company at times may not collect full amount of interest due, especially if the price of gold is lower at the time of auction than at the time of disbursement.

Foreign Exchange Risks

The Company does not directly face any foreign exchange risks as all its loans are made in rupee terms. The Company does not have any un-hedged borrowing in foreign exchange as well. There have been on occasions, borrowings in foreign exchange which are fully hedged and received in rupees.

Hedging Activities

Hedging of Commodity(gold) risk

The Company has hedged the commodity price risk by shifting to primarily short-term loans. Earlier the Company used to make one year loans which had a higher risk of exposure to commodity price risk. With the shift to shorter term loans the Company has significantly reduced its risk of non-collection of full interest and principal at the time of auction. This has also resulted in higher net yield during the year which has contributed to higher profitability as well.

Hedging of Foreign exchange risk

As per Board approved foreign Exchange Risk Management Policy,all foreign exchange liabilities and foreign exchange assets exceeding ₹10 million shall be hedged. Asset Liability Management Committee periodically reviews all the foreign currency exposures and monitors the foreign exchange risk.

SUBSIDIARY COMPANIES

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant transactions and arrangements entered into by the unlisted subsidiary companies are quarterly reviewed by the Board of Directors of the Company.

The Company does not have any material non-listed Indian subsidiary companies.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As a part of familiarization programme for Independent directors, Dr K.S Ravichandran Sr. Partner KSR & CO, Our Secretarial Auditor took a session through video conferencing covering areas such as Duties and Liabilities of Directors – under Company Law and Economic Laws as well as under Listing Regulations Overall Governance Framework – Components directors will have to attend periodically Special Governance Requirements of NBFCs and Role of IDs in their separate meeting. It can be accessed on the Company's website.

Details regarding familiarization programmes conducted for Directors can be viewed on the Company's website at https://www.manappuram.com/familiarization-programme-for-independent-directors.html

CODE OF CONDUCT

As per Regulation 26 of SEBI (LODR) Regulations, 2015, the Company has framed a Code of Conduct for the directors and senior management personnel and the same has been uploaded on to the website of the Company and is accessible to the shareholders of the Company at https://www.manappuram.com/company/management-team.html

It is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company. In terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015, a declaration signed by the Chief Executive Officer of the Company is published in this report as Annexure - A.

FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard. The code is posted on the website of the Company at the https://www.manappuram.com/public/uploads/editor-images/files/FPC.pdf

CEO/CFO CERTIFICATION

The requisite certification made by CEO/CFO as per the Regulation 17(8) as specified in Part B of Schedule II of the SEBI (LODR) Regulations, 2015 for FY 2020-21 was taken note by the Board of Directors at its meeting held on 26th May, 2021 is published in this report as Annexure – B.

INDEPENDENT AUDITOR'S COMPLIANCE CERTIFICATE

Independent auditor's compliance certificate regarding the compliance of conditions of corporate governance is annexed with the Board's Report in terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015.

CREDIT RATING

Details of Credit Rating is available as point 39 of Boards Report.

Resignation of Independent Director

No Independent Directors resigned during the Financial year 2020-21

A certificate from KSR & Co. Practicing Company Secretaries LLP, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed as Annexure C.

In the opinion of the Board, the independent Directors fulfill the conditions specified in these regulations and are independent of the management.

There has been no instance where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

₹ 19.86 million fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Corporate Governance Report

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year= 11

b. number of complaints disposed of during the financial year= 11

c. number of complaints pending as on end of the financial year= 0

Fund Raising Activities

During the year the Company has raised ₹ 35,830 million from qualified institutions through private placement and utilised it for onward lending and general business purpose.

Skills/expertise/competence identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:

Leadership	Extended business leadership experience resulting in a practical understanding of organizational processes, strategic planning and risk management.
People Practices	Experience and strengths in developing talent, planning succession, driving change and long-term growth. Understands the drivers leading to behavior change.
Financial Control	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in financial management, capital allocation, financial control and reporting processes.
Diversity including gender and occupation	Representation of diversity in terms of gender, geography, culture, occupations that bring varied independent perspectives expanding the Board's understanding of the needs and viewpoints of customers, partners, employees, government, and other stakeholders.
Technology	A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models.
Governance	Service on a public company board to develop insights about maintaining board and management governance accountability, protecting shareholder interests, and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation
Regulatory	Extended experience and understanding of the regulatory environment operating in the context of the business
Law	Legal background and experience
Financial Services	Extended experience in a financial services firm enabling a rich understanding of the sector and the context.
Sustainability	Experience and exposure in understanding sustainability from the business perspective with regard to employees customers and the larger community including the environment.

Corporate Governance Report

Skills/expertise/competence identified by the Board of Directors actually available with the Board:

Name of Director	Jagdish Capoor	V.P. Nandakumar	B.N. Raveendra Babu	V.R. Ramachandran	P. Manomohanan	Gautam Narayan	Sutapa Banerjee	Abhijit Sen	Harshan Kollara	Shailesh J Mehta
Leadership	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
People Practices	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Financial Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
Diversity including gender and occupation	-	-	-	-	-	-	-	-	Yes	Yes
Technology	-	-	Yes	-	-	-	-	Yes	Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sales and Marketing	Yes	Yes	Yes	Yes	-	-	Yes	-	-	Yes
Regulatory	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Law	-	-	-	Yes	Yes	Yes	-	-	-	-
Financial Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sustainability	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	-	Yes

On Behalf of the Board

Sd/-
V.P. Nandakumar
Managing Director & CEO

Place: Valapad
Date: 26th May, 2021

Corporate Governance Report

Annexure - A

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Directors and senior management personnel. I confirm that the Company has in respect of the year ended 31st March, 2021, received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

On Behalf of the Board

Sd/-

Place: Valapad
Date: 26th May, 2021

V.P. Nandakumar
Managing Director & CEO

Annexure - B

CEO & CFO CERTIFICATION UNDER SEBI (LODR) REGULATIONS, 2015

We, V.P.Nandakumar, Managing Director & CEO and Bindu AL, Chief Financial Officer, of Manappuram Finance Limited, ("the Company") hereby certify that:-

(a) We have reviewed financial statements and cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company for the year ended 31st March, 2021 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the audit committee

  1. significant changes in internal control over financial reporting during the year;

  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Valapad	**V.P.Nandakumar**	**Bindu AL**
Date: 26th May, 2021	Managing Director & CEO	Chief Financial Officer

Corporate Governance Report

Annexure - C

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Manappuram Finance Limited having CIN L65910KL1992PLC006623 and having registered office at IV/470A(Old) W638A (new), Manappuram House, Valappad, Thrissur, Kerala – 680 567 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment/Re-appointment in Current Tenure
1.	Mr. Jagdish Capoor	00002516	31/07/2014 / 31/07/2019
2.	Mr. V.P. Nandakumar	00044512	#15/071992 / @18/08/2018
3.	Mr. B.N.Raveendra Babu	00043622	#15/07/1992 / *31/05/2020
4.	Mr. P. Manomohanan	00042836	31/07/2014 / 31/07/2019
5.	Mr. V.R.Ramachandran	00046848	31/07/2014 / 31/07/2019
6.	Mr. Gautam Ravi Narayan	02971674	08/02/2018
7.	Ms Sutapa Banerjee	02844650	01/04/2019
8.	Mr. Harshan Kollara	01519810	28/08/2020
9.	Mr. Shailesh J Mehta	01633893	28/08/2020
10.	Mr. Abhijit Sen	00002593	27/08/2019

date of first appointment and continuation in office after re-appointment(s) further terms, without any break in term of office.

@ date of last re-appointment of Managing Director

* date of demitting the office of Executive Director and continuance as non-executive director

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP
Dr. C .V. Madhusudhanan
Partner
Membership No. (FCS: 5367; CP: 4408)
UDIN: F005367C000458160

Date: 26th May, 2021
Place: Coimbatore

Manappuram Finance Limited

Standalone Ind-AS Financial Statements for the year ended 31st March, 2021

Independent Auditor's Report

To The Members of Manappuram Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Manappuram Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 7 to the standalone financial statements, which fully describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion and conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	Auditor's Response
1	Interest in Gold Loan is based on the various gold loan schemes launched by the Company. The calculation of the interest on gold loan as per the applicable scheme involves complexities, including rebates in the nature of reduced prospective interest rates for prompt payment and penal interest for delayed payment. Due to such variety of schemes and involvement of complexity in calculating the interest income on gold loan we have considered this as Key Audit Matter.	Principle Audit Procedures: We assessed the Company's process on interest income computation. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: Since the entire interest computation is system driven, we tested, • Evaluated the design of internal controls relating to interest income computation. • Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving inquiry and observation, inspection of evidence in respect of operation of these controls.

Independent Auditor's Report

Sr. No.	Key Audit Matter	Auditor's Response
		• Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation. • Obtained the list of modifications made in the interest scheme master during the year and test checked the same on sample basis. • Performed analytical procedures and test of details procedures for testing the accuracy of the revenue recorded.
2	**Provision for Expected Credit Losses (ECL) on Loans** Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are: Timely identification and classification of the impaired loans, and Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus: Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars; Accounting interpretations, modelling assumptions and data used to build and run the models; Measurement of individual borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios; Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID 19 Pandemic and The disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note 45 to the standalone financial statements.	**Principle Audit Procedures:** We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, individual/collective provisions and production of journal entries and disclosures. We tested the completeness of loans included in the Expected Credit Loss calculations as of 31 March 2021. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining Exposure at Default (EAD), PD and LGD. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

Independent Auditor's Report

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the

Independent Auditor's Report

disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

e. On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

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

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAGC2044)

Place: Mumbai
Date: 26th May, 2021

Annexure "A" To The Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Manappuram Finance Limited (the "Company") as of 31 March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material

Annexure "A" To The Independent Auditor's Report

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

respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAGC2044)

Place: Mumbai
Date: 26th May, 2021

Annexure "B" To The Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Some of the property, plant and equipment were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold are held in the name / erstwhile names of the Company as at the balance sheet date. According to the information and explanations given to us and based on the examination of the lease agreement, we report that in respect of building constructed on leased land, the lease agreement are in the name of the Company, where the Company is the lessee in the agreement.

(ii) According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan, to a wholly owned subsidiary company covered in the register maintained under section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loan, in our opinion, *prima facie,* not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit to which directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder were applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act in respect of the business / activities of the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax and Value Added Tax dues which have not been deposited as on 31 March 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in million)	Amount unpaid (₹ in million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2015-16	307.20	298.06
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax Appeals	Assessment Year 2018-19	1.38	1.38
Kerala Value Added Tax Act, 2003	Value added Tax (Excluding Penalty and interest, if any)	Deputy Commissioner (Appeals)	Financial Year 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15	43.69	43.69

Annexure "B" To The Independent Auditor's Report

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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer / further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year other than those disclosed in Note 63 to the financial statements.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

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

(xiv) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

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

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAGC2044)

Place: Mumbai
Date: 26th May, 2021

Standalone Balance Sheet

(All amounts are in millions, unless otherwise stated)

for the Year ended 31st March, 2021

	Particulars	Note No:	As at 31st March, 2021	As at 31st March, 2020
	ASSETS			
1	**Financial assets**			
	Cash and cash equivalents	8	18,923.61	20,893.89
	Bank balances other than above	9	1,733.13	1,617.20
	Derivative financial instruments	17	-	1,369.97
	Loans	10	2,10,593.56	1,93,589.59
	Investments	11	12,001.69	9,315.29
	Other financial assets	12	2,960.12	1,626.36
2	**Non-financial assets**			
	Current tax assets (net)	13	95.31	797.56
	Deferred tax assets (net)	35	960.80	624.70
	Property, plant and equipment	14	2,782.19	3,176.94
	Capital work-in-progress		56.99	28.49
	Right of use asset	41(iii)	5,609.47	4,057.62
	Other intangible assets	15	219.30	176.52
	Other non-financial assets	16	603.67	595.34
	Total assets		**2,56,539.84**	**2,37,869.47**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial liabilities**			
	Derivative financial instruments	17	346.25	-
	Payables			
	a) Trade payables	18		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		950.35	879.62
	Debt securities	19	99,368.56	73,901.52
	Borrowings (other than debt securities)	20	76,986.54	1,02,620.03
	Subordinated liabilities	21	48.10	70.38
	Lease liability	41(iii)	5,938.30	4,339.03
	Other financial liabilities	22	2,742.55	1,579.73
2	**Non-financial Liabilities**			
	Provisions	23	542.42	585.12
	Other non-financial liabilities	24	599.53	335.08
			1,87,522.60	**1,84,310.51**
3	**EQUITY**			
	Equity share capital	25	1,692.73	1,689.99
	Other equity	26	67,324.51	51,868.97
	Total liabilities and equity		**2,56,539.84**	**2,37,869.47**

See accompanying notes forming part of the 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

G.K. Subramaniam
Partner
Membership No: 109839

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Mumbai
Date: 26th May, 2021

Place: Valapad, Thrissur
Date: 26th May, 2021

Standalone Statement of Profit and Loss

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

	Particulars	Note No:	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(I)	**Revenue from operations**			
	(i) Interest income	27 (i)	51,377.74	42,886.61
	(ii) Dividend income	27 (iii)	50.24	50.24
	(iii) Net gain on fair value changes	27 (iv)	0.10	-
	(iv) Fees and commission income	27 (ii)	43.21	71.85
	(v) Other operating income	27 (v)	251.35	104.33
	Total Revenue from operations (I)		**51,722.64**	**43,113.03**
(II)	Other income	28	212.51	408.88
(III)	**Total income (I + II)**		**51,935.15**	**43,521.91**
	Expenses			
	(i) Finance costs	29	17,199.75	13,911.99
	(ii) Fees and commission expense	30	201.78	236.63
	(iii) Impairment of financial instruments	31	1,299.23	848.49
	(iv) Employee benefits expenses	32	6,246.64	6,491.37
	(v) Depreciation and amortisation	33	1,556.70	1,540.66
	(vi) Other expenses	34	2,735.53	3,692.67
(IV)	**Total expenses (IV)**		**29,239.63**	**26,721.81**
(V)	**Profit before tax (III - IV)**		**22,695.52**	**16,800.10**
(VI)	**Tax expense:**	35		
	(1) Current tax		6,053.32	4,296.00
	(2) Deferred tax		(286.99)	200.98
	(3) Current tax relating to earlier years		(50.00)	-
	Total tax expense		**5,716.33**	**4,496.98**
(VII)	**Profit for the year (V - VI)**		**16,979.19**	**12,303.12**
(VIII)	**A Other comprehensive income / (loss)**			
	(i) Items that will not be re classified to profit or loss (a) Remeasurement gain/(loss) on post-employment defined benefit plans.		(49.14)	(78.00)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		12.37	19.63
	Subtotal (A)		**(36.77)**	**(58.37)**
	B (i) Items that will be classified to profit or loss (a) Fair value changes of cash flow hedges		(146.01)	5.41
	(ii) Income tax relating to items that will be reclassified to profit or loss		36.75	(1.36)
	Subtotal (B)		**(109.26)**	**4.05**
	Other comprehensive income / (loss) (A+B)		**(146.03)**	**(54.32)**
(IX)	**Total comprehensive income for the year (VII + VIII)**		**16,833.16**	**12,248.80**
(X)	**Earnings per equity share (Face value of ₹ 2 per share)**	36		
	Basic (₹)		20.08	14.58
	Diluted (₹)		20.08	14.53

See accompanying notes forming part of the 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

G.K. Subramaniam
Partner
Membership No: 109839

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Mumbai
Date: 26th May, 2021

Place: Valapad, Thrissur
Date: 26th May, 2021

Statement of changes in Equity

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

Particulars	No. in million	₹ in million
As at 1 April 2019	**842.80**	**1,685.62**
Issued during the year - ESOP	2.18	4.37
As at 1 April 2020	**844.98**	**1,689.99**
Issued during the year - ESOP	1.38	2.74
As at 31 March 2021	**846.36**	**1,692.73**

B. Other Equity

Particulars	Share application money pending allotment	Reserves and Surplus							Other comprehensive income			Total
		Statutory reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities premium	Share option outstanding account	Debenture redemption reserve	Hedge Reserve	General reserve	Retained earnings	Hedge reserve	Actuary gain / (loss)	Effective portion of cash flow hedges	
Balance as at 1 April 2019	**31.79**	**8,711.60**	**13,793.54**	**276.17**	**1,115.33**	**-**	**3,627.02**	**14,720.06**	**(2.21)**	**(37.31)**	**-**	**42,235.99**
Dividends	-	-	-	-	-	-	-	(2,799.00)	-	-	-	(2,799.00)
Transfer to/from retained earnings	-	2,449.77	-	-	-	-	-	(2,449.77)	-	-	-	-
Other Additions/ Deductions during the year												
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	-	(10.63)	-	-	(10.63)
Shares allotted during the year	(190.82)	-	-	(9.45)	-	-	-	-	-	-	-	(200.27)
Utilised during the year	-	-	-	-	(1,115.33)	-	-	840.78	-	-	-	(274.55)
Share premium received during the year	482.18	-	186.45	-	-	-	-	-	-	-	-	668.63
Profit for the year (net of taxes)	-	-	-	-	-	-	-	12,303.12	-	-	-	12,303.12
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-	-	(58.37)	4.05	(54.32)
Balance as at 31 March 2020	**323.15**	**11,161.37**	**13,979.99**	**266.72**	**-**	**-**	**3,627.02**	**22,615.19**	**(12.84)**	**(95.68)**	**4.05**	**51,868.97**

Statement of changes in Equity

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Particulars	Share application money pending allotment	Reserves and Surplus							Other comprehensive income			Total
		Statutory reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities premium	Share option outstanding account	Debenture redemption reserve	Hedge Reserve	General reserve	Retained earnings	Hedge reserve	Actuary gain / (loss)	Effective portion of cash flow hedges	
Dividends	-	-	-	-	-	-	-	(1,057.71)	-	-	-	(1,057.71)
Transfer to/from retained earnings	-	3,406.69	-	(5.01)	-	-	-	(3,401.68)	-	-	-	-
Other Additions/ Deductions during the year												
Foreign exchange rate variations in hedging instruments	-	-	-	-	-	-	-	-	3.42	-	-	3.42
Shares allotted during the year	(105.53)	-	-	(125.32)	-	-	-	-	-	-	-	(230.85)
Utilised during the year	(217.60)	-	-	-	-	-	-	-	-	-	-	(217.60)
Share premium received during the year	-	-	125.12	-	-	-	-	-	-	-	-	125.12
Profit for the year (net of taxes)	-	-	-	-	-	-	-	16,979.19	-	-	-	16,979.19
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	-	-	-	(36.77)	(109.26)	(146.03)
Balance as at 31 March 2021	**0.02**	**14,568.06**	**14,105.11**	**136.39**	**-**	**-**	**3,627.02**	**35,134.99**	**(9.42)**	**(132.45)**	**(105.21)**	**67,324.51**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

MANAPPURAM FINANCE LIMITED
Make Life Easy

Standalone Cash flow statement

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A.	**Cash flow from operating activities**		
	Net profit before tax	22,695.52	16,800.10
	Adjustments for:		
	Interest income on loans	(50,812.11)	(42,573.52)
	Depreciation and amortization expense	1,556.70	1,540.66
	Impairment on financial instruments	646.39	496.62
	Finance costs	17,199.75	13,911.99
	Lease Income on rent waiver	(118.05)	-
	Provision for litigation	2.03	9.25
	Provision for other assets	(7.48)	(7.33)
	Profit on sale of property, plant and equipment	(8.35)	(12.21)
	Stock compensation expense	(125.32)	(9.45)
	Interest income from banks, investments and others	(565.64)	(313.09)
	Dividend received	(43.21)	(71.85)
	Operational cash flows from interest		
	Interest received on loans	48,597.12	41,290.50
	Finance costs	(15,014.18)	(13,441.15)
	Operating Profit before working capital changes	**24,003.17**	**17,620.52**
	Changes in working capital and loans:		
	Decrease / (increase) in non-financial assets	24.88	5.82
	Decrease / (increase) in loans	(15,440.38)	(38,872.66)
	Decrease / (increase) in other financial assets	(1,333.92)	158.43
	Increase / (decrease) in trade payables	70.73	(258.38)
	Increase / (decrease) in other financial liabilities	(547.08)	353.83
	Increase / (decrease) in provisions	(231.12)	(3.32)
	Increase / (decrease) in other non-financial liabilities	264.45	(500.18)
		(17,192.45)	(39,116.46)
	Cash generated from operations	**6,810.72**	**(21,495.94)**
	Net income tax (paid)	(5,301.07)	(3,564.41)
	Net cash flows from/(used in) operating activities (A)	**1,509.65**	**(25,060.35)**
B.	**Cash flow from investing activities**		
	Capital expenditure, including capital advances	(433.72)	(845.15)
	Proceeds from sale of property, plant and equipment	8.57	12.42
	(Purchase) / Sale of investments	(2,682.66)	801.32
	Interest received	565.79	316.55

Standalone Cash flow statement

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Dividend Received	43.21	71.85
	Bank balances not considered as cash and cash equivalents	(115.93)	(14.61)
	Net cash flows from/(used in) investing activities (B)	**(2,614.74)**	**342.38**
C.	**Cash flow from financing activities**		
	Debt securities issued (net)	25,467.04	24,589.59
	Borrowings (other than debt securities) issued (net)	(23,913.90)	21,691.73
	Subordinated liabilities issued (net)	(22.28)	(8.41)
	Proceeds from issue of equity shares	2.74	4.37
	Share premium on equity shares allotted	125.12	186.45
	Share application money received/(refunded)	(323.13)	291.36
	Dividend paid, including dividend distribution tax	(1,057.71)	(2,799.00)
	Payment of lease liabilities	(1,143.07)	(1,279.87)
	Net cash flow from/(used in) financing activities (c)	**(865.19)**	**42,676.22**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,970.28)**	**17,958.25**
	Cash and cash equivalents at the beginning of the year	**20,893.89**	**2,935.64**
	Cash and cash equivalents at the end of the year	**18,923.61**	**20,893.89**

Note: For disclosures relating to changes in liabilities arising from financing activities, refer note 40.

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

1. Corporate Information

Manappuram Finance Limited ('MAFIL' or 'the Company') is a public limited company domiciled in India and incorporated on 15 July 1992 in Thrissur, Kerala. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a Non-Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company is a Systemically Important Non-Deposit taking NBFC(NBFC-ND). The Company is registered with the Reserve Bank of India (RBI).

The registration details are as follows: Reserve Bank of India Registration no : B-16.00029 Corporate Identity Number (CIN) : L65910KL1992PLC006623

The Company is the ultimate parent company of the Manappuram Home Finance Limited, Asirvad Micro Finance Limited, Manappuram Insurance Brokers Limited and Manappuram Comptech and Consultants Limited.

The company's registered office is at IV/470a (Old) W/638 (New), Manappuram house Valapad P.O, Thrissur - 680567, Kerala. The principal place of business is Thrissur Kerala.

2. Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND.

The financial statements are presented in Indian Rupees (INR) which is also the functional currency of the company and all values are rounded to the nearest millions, except when otherwise indicated.

3. Presentation of financial statement

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Company and/or its counterparties.

4. Statement of compliance

The standalone financial statements (financial statements) of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to in paragraph 2 "Basis of Preparation" above.

5. Significant accounting policies

5.1 Investments in subsidiary

Interest in subsidiary, associates and joint venture are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments (net of impairment).

5.2 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets measured at amortised cost

2. Financial assets measured at fair value through other comprehensive income

3. Financial assets measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets. The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

- Reports reviewed by the entity's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Company also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding. 'Principal' s defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

These Financial assets comprise bank balances, Loans, investments in debt securities, investments in subsidiaries, other investments and other financial assets

Financial Assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortised cost. These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the profit and loss account unless an irrevocable election has been made by management to account for at fair value through other comprehensive income Such classification is determined on an instrument-by-instrument basis.

(iii) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(iv) Derivatives

The Company enters into derivative transactions with various counterparties like interest rate and currency swaps and forwards. The Company undertakes derivative transactions to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts are generally banks.

a) Financial Assets or Liabilities at Fair Value through Profit and Loss

This category includes derivative financial assets/ liabilities which are not designated as hedges.

Although the Company believes that these derivative instruments constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivatives that is either not designated as a hedge, or is designated but is ineffective as per Ind AS 109, is categorised as a financial asset or liability, at fair value through profit and loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit and loss and the resulting exchange gain or loss are included in the other income/ expenses.

b) Cash flow Hedge:

The Company designates certain foreign exchange forwards and swaps contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on certain balance sheet liabilities.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of derivative instruments is recognised in other comprehensive income and accumulated in the cash flow hedge reserve.

Any ineffective portion of changes in the fair value of the derivatives is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in the cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve till the period the transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related transaction.

(v) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(vi) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

(vii) Impairment of financial assets

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost.

The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including undisbursed sanctioned amounts) that are measured at amortised costs or at fair value through other comprehensive income account. The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments. No ECL is recognised on equity investments. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Stage 1: 12-months ECL For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Credit impaired Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.

This includes quantitative and qualitative information and also, forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

The loss allowances for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the allowances in the profit and loss statement. The Company assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. The Company has grouped its various financial assets in to pools containing loans bearing homogeneous risks characteristics. The probability of default for the pools are computed based on the historical trends, adjusted for any forward looking factors. Similarly the Company computes the Loss Given Default based on the recovery rates.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

ECL on Debt instruments measured at fair value through OCI The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date the Company does not have any debt instruments measured at fair value through OCI.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, , etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

(viii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(ix) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability ,either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

5.3 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets measured through amortised cost method. The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably.

(iii) Fees & Commission Income

Fees and commissions other than those which forms part of EIR are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrue.

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

5.4 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL. The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc., provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other

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comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually. The Company fully contributes all ascertained liabilities to LIC without routing it through Trust bank account. Trustees administer, contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss. The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised in employee benefits expenses/investment in subsidiary together with a corresponding increase in employee stock option outstanding account in other equity is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

(iii) Other income and expenses

All Other income and expense are recognized in the period they occur.

(iv) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(v) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

5.5 Foreign currency translation

(i) Functional and presentational currency

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

(ii) Transactions and balances

Initial recognition: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion: Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

5.6 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes). For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

5.7 Property, Plant and equipment (PPE)

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation is calculated using the Straight Line Method (SLM) to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

Particulars	Useful life estimated by Company
Computer	
- End User equipment	3 years
- Server*	3 years
Furniture & Fixtures	
- Safe and strong rooms	10 years
- Others*	3 - 5 years
Office Equipment	3 years
Buildings	30 years
Vehicles	8 years
Plant & Equipment	15 years

*The Company has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated

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as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

5.8 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / up to the date of acquisition/sale. Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 6 years, unless it has a shorter useful life. The Company's intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

5.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

5.10 Contingent Assets and Liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize or disclose contingent asset in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

5.11 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

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to Standalone Financial Statements for the Year ended 31st March, 2021

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5.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The Board of Directors (BOD) of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD, which has been identified as being the chief operating decision maker. The Company is engaged in the business of i) Lending finance and ii) Fees & commission income. The said business are aggregated for the purpose of review of performance by CODM. Accordingly, the Company has concluded that the business of lending finance and fees & commission income to be the only reportable segment.

5.13 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty

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about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

6.1 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

6.2 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review it's ECL model in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 5(vii) Overview of ECL principles.

7 Impact of COVID-19

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The standalone financial statements, includes the potential impact of the COVID-19 pandemic which are dependent on future developments, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability of the Company's assets.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all available internal and external information up to the date of approval of these financial statements. Accordingly, the Company has made prudential estimate of provision for expected credit loss on financial assets as at March 31, 2021. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will further impact the Company's standalone financial statements will depend on developments, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Accordingly, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

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Note 8: Cash and cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	2,358.08	1,187.75
Balances with banks - in current and overdraft accounts	7,910.57	7,092.23
Foreign currency balances	1.18	1.71
Bank deposit with maturity of less than 3 months	8,653.78	12,612.20
	18,923.61	**20,893.89**

Short-term bank deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 9: Bank balance other than above

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits with original maturity for more than 3 months.*	1,266.91	1,119.74
On escrow accounts		
Unpaid NCD trustee account	7.33	17.10
Unpaid auction surplus deposit	426.92	441.40
Unpaid dividend account	31.97	38.96
	1,733.13	**1,617.20**

* Includes:

Cash collateral deposits aggregating to ₹ 1,064.17 (31st March, 2020: ₹ 1,054.44) towards bank facilities. The cash collateral deposits are provided as an additional security to the banks for extending approved bank facilities.

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 10: Loans valued at amortised cost

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Amortised Cost	Total	Amortised Cost	Total
LOANS				
(A)				
i) Gold loan	1,97,931.68	1,97,931.68	1,74,578.15	1,74,578.15
ii) Commercial Vehicle loan (CVD)	10,291.99	10,291.99	12,414.14	12,414.14
iii) Mortgage/Property loan	331.49	331.49	273.21	273.21
iv) Onlending	1,830.90	1,830.90	5,835.51	5,835.51
v) Corporate Finance	15.52	15.52	258.15	258.15
vi) Other loan	2,286.40	2,286.40	1,673.44	1,673.44
Total (A) - Gross	**2,12,687.96**	**2,12,687.96**	**1,95,032.60**	**1,95,032.60**
Less: Impairment loss allowance	**2,094.40**	**2,094.40**	**1,443.01**	**1,443.01**
-Provision for non performing assets	841.87	841.87	790.80	790.80
-Provision for standard assets	1,252.53	1,252.53	652.21	652.21
Total (A) - Net	**2,10,593.56**	**2,10,593.56**	**1,93,589.59**	**1,93,589.59**
(B)			-	-
i) Secured by tangible assets	2,11,325.95	2,11,325.95	1,93,255.56	1,93,255.56
ii) Unsecured	1,362.01	1,362.01	1,777.04	1,777.04
Total (B) - Gross	**2,12,687.96**	**2,12,687.96**	**1,95,032.60**	**1,95,032.60**
Less: Impairment loss allowance	2,094.40	2,094.40	1,443.01	1,443.01
Total (B) - Net	**2,10,593.56**	**2,10,593.56**	**1,93,589.59**	**1,93,589.59**
Loans in India			-	
i) Public Sector	-	-	-	-
ii) Others	2,12,687.96	2,12,687.96	1,95,032.60	1,95,032.60
Total (C) - Gross	**2,12,687.96**	**2,12,687.96**	**1,95,032.60**	**1,95,032.60**
Less: Impairment loss allowance	2,094.40	2,094.40	1,443.01	1,443.01
Total (C) - Net	**2,10,593.56**	**2,10,593.56**	**1,93,589.59**	**1,93,589.59**

Note: There are no loans valued at fair value.

(All amounts are in millions, unless otherwise stated)

Summary of ECL provisions

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
i) Gold loan	456.93	412.69	212.73	1,082.35	472.95	62.63	85.83	621.41
ii) Commercial Vehicle loan (CVD)	151.81	153.45	328.48	633.74	130.02	31.46	485.78	647.26
iii) Mortgage/Property loan	3.74	1.87	102.18	107.79	4.48	1.34	80.37	86.19
iv) Onlending	10.41	-	58.61	69.02	44.17	-	-	44.17
v) Corporate Finance	-	-	15.52	15.52	1.44	-	-	1.44
vi) Others	50.94	11.19	123.85	185.98	34.45	0.30	7.79	42.53
Total closing ECL provision	673.83	579.20	841.37	2,094.40	687.51	95.73	659.77	1,443.01

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(All amounts are in millions, unless otherwise stated)

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Note 11: Investments

Particulars	Amortised cost	At Fair value through profit or loss	Others	Total
As at 31 March 2021				
i) Investment in Government securities (Quoted)				
1,500,000, Units of face value ₹ 100/- each in 5.22% GOI 2025	1,533.30	-	-	1,533.30
1,500,000, Units of face value ₹ 100/- each in 5.15% GOI 2025	1,536.02	-	-	1,536.02
ii) Debt instruments (unquoted)				
Investment in pass through certificates (PTC's)	310.97	-	-	310.97
iii) Equity instruments in others (Quoted)				
1,000 Equity shares of ₹ 10/- each fully paid in CSB Bank Limited (formerly The Catholic Syrian Bank Limited)	-	0.22	-	0.22
iv) Investment in subsidiaries (Unquoted)				
- Actual cost				
a) Wholly owned subsidiary				
200,000,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Home Finance Limited	-	-	2,075.81	2,075.81
1,570,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Insurance Brokers Limited	-	-	28.92	28.92
b) Other subsidiary				
50,533,878, Equity shares of ₹ 10/- each fully paid in the Asirvad Micro Finance Limited	-	-	6,464.34	6,464.34
525,994, Equity shares of ₹ 10/- each fully paid in the Manappuram Comptech and Consultants Limited	-	-	59.50	59.50
Advance for investment in subsidiary	-	-	0.37	0.37
Add: ESOP adjustments	**-**	**-**	**(6.45)**	**(6.45)**
Total Gross (A)	**3,380.29**	0.22	8,622.49	12,003.00
i) Investments outside India	-	-	-	-
ii) Investments in India	3,380.29	0.22	8,622.49	12,003.00
Total Gross (B)	**3,380.29**	**0.22**	**8,622.49**	**12,003.00**
Less : Allowance for impairment loss (C)	1.31	-	-	1.31
Total - Net (D) = (A) -(C)	**3,378.98**	**0.22**	**8,622.49**	**12,001.69**
As at 31 March 2020				
i) Debt instruments (unquoted)				
Investment in pass through certificates (PTC's)	909.21	-	-	909.21
ii) Equity instruments in others (Unquoted)				
1,000 Equity shares of ₹ 10/- each fully paid in CSB Bank Limited (formerly The Catholic Syrian Bank Limited)	-	0.12	-	0.12
iii) Equity instruments in subsidiaries (Unquoted)				
a) Wholly owned subsidiary				
200,000,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Home Finance Limited	-	-	2,052.56	2,052.56
1,570,000, Equity shares of ₹ 10/- each fully paid in the Manappuram Insurance Brokers Limited	-	-	23.50	23.50
b) Other subsidiary				
49,757,889, Equity shares of ₹ 10/- each fully paid in the Asirvad Micro Finance Limited	-	-	6,244.16	6,244.16
525,994, Equity shares of ₹ 10/- each fully paid in the Manappuram Comptech and Consultants Limited	-	-	59.50	59.50
Advance for investment in subsidiary			0.37	0.37
Add: ESOP adjustments	-	-	30.92	30.92
Total Gross (A)	**909.21**	**0.12**	**8,411.01**	**9,320.34**
i) Investments outside India	-	-	-	-
ii) Investments in India	909.21	0.12	8,411.01	9,320.34
Total Gross (B)	**909.21**	**0.12**	**8,411.01**	**9,320.34**
Less : Allowance for impairment loss((C)	**5.05**	**-**	**-**	**5.05**
Total - Net (D) = (A) -((C)	**904.16**	**0.12**	**8,411.01**	**9,315.29**

Investment designated at FVTPL is a portfolio of equity instruments. Equity instruments have been classified at fair value through profit and loss since cash flows from equity instruments does not represent solely payment of principal and interest.

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Debt instruments measured at amortised cost

Credit quality of assets

Internal grade rating	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	310.97	-	-	310.97	909.21	-	-	909.21
Standard grade	-	-	-	-	-	-	-	-
Total	**310.97**	**-**	**-**	**310.97**	**909.21**	**-**	**-**	**909.21**

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

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	909.21	-	-	909.21	1,746.24	-	-	1,746.24
New assets purchased	-	-	-	-	52.75	-	-	52.75
Assets derecognised or matured	(599.59)	-	-	(599.59)	(893.81)	-	-	(893.81)
Interest accrued on investments	1.35	-	-	1.35	4.03	-	-	4.03
Closing balance	**310.97**	**-**	**-**	**310.97**	**909.21**	**-**	**-**	**909.21**

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of ECL	**5.05**	**-**	**-**	**5.05**	**9.22**	**-**	**-**	**9.22**
ECL on new assets purchased	-	-	-	-	0.25	-	-	0.25
ECL on derecognised or matured assets / others	(3.74)	-	-	(3.74)	(4.42)	-	-	(4.42)
Closing balance in ECL	**1.31**	**-**	**-**	**1.31**	**5.05**	**-**	**-**	**5.05**

Note 12: Other financial assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Security deposits*	974.29	1,004.53
Commission receivable	1.64	3.64
Funds-in-transit	434.22	111.63
Gold investment	179.95	187.43
Others**	1,370.02	319.13
Total	**2,960.12**	**1,626.36**

* Employee security deposits aggregating to ₹ 457.59 million (31st March, 2020: ₹ 448.67 million). Deposits aggregating to ₹ 34.77 million (31st March, 2020: ₹ 33.71 million) towards security deposit to various authorities.

** Includes ex-gratia receivable from State Bank of India amounting to ₹21.67 million (31st March, 2020: Nil). Auction receivable ₹ 99.86 million (31st March, 2020: Nil)

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 13: Current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax and tax deducted at source (net of provisions)	95.31	797.56
Total	**95.31**	**797.56**

Note 14: Property, plant and equipment

Particulars	Land-Freehold	Buildings*	Office equipment	Electrical installation	Computer equipment**	Furniture and fixtures	Vehicles	Plant and equipment	Total
Cost:									
At 1 April 2019	184.79	1,291.07	243.75	120.37	692.60	1,613.05	51.72	33.38	4,230.73
Additions	89.61	9.00	53.18	23.58	128.35	465.90	3.56	6.19	779.37
Disposals	-	-	2.57	2.29	205.62	39.27	2.89	-	252.64
At 31 March 2020	**274.40**	**1,300.07**	**294.36**	**141.66**	**615.33**	**2,039.68**	**52.39**	**39.57**	**4,757.46**
Additions	60.11	1.08	18.90	10.45	83.34	93.33	5.32	1.41	273.94
Disposals	-	-	5.52	6.09	80.99	16.64	7.40	-	116.64
At 31 March 2021	**334.51**	**1,301.15**	**307.74**	**146.02**	**617.68**	**2,116.37**	**50.31**	**40.98**	**4,914.76**
Accumulated Depreciation:									
At 1 April 2019	-	59.56	135.66	53.70	348.33	525.30	15.04	6.61	1,144.20
Disposals	-	-	2.47	2.28	205.61	39.18	2.89	-	252.43
Depreciation charge for the year	-	45.42	66.58	33.16	199.90	332.64	7.43	3.60	688.73
At 31 March 2020	**-**	**104.98**	**199.77**	**84.58**	**342.64**	**818.76**	**19.58**	**10.21**	**1,580.52**
Disposals	-	-	5.45	6.14	80.85	16.58	7.40	-	116.42
Depreciation charge for the year	-	45.02	67.75	36.44	182.04	326.24	7.15	3.83	668.47
At 31 March 2021	**-**	**150.00**	**262.07**	**114.88**	**443.83**	**1,128.42**	**19.33**	**14.04**	**2,132.57**
Carrying Amount									
At 31 March 2020	**274.40**	**1,195.09**	**94.59**	**57.08**	**272.69**	**1,220.92**	**32.81**	**29.36**	**3,176.94**
At 31 March 2021	**334.51**	**1,151.15**	**45.67**	**31.14**	**173.85**	**987.95**	**30.98**	**26.94**	**2,782.19**

*Details of building pledged against borrowings is presented in note 20

**Includes Computers taken on finance lease - Gross block ₹ 218.72 million as at 31st March, 2021 (31st March, 2020: ₹ 218.72 million). Depreciation for the year ₹ 40.61 million (31st March, 2020: ₹ 46.35 million), Accumulated depreciation ₹ 216.70 million as at 31st March, 2021 (31st March, 2020: ₹ 183.87 million) Net block ₹ 2.02 million as at 31st March, 2021 (31st March, 2020: ₹ 34.85 million)

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 15: Other intangible assets

Particulars	Computer software
Cost:	
At 1 April 2019	216.73
Additions	42.71
Disposals	-
At 31 March 2020	**259.44**
Additions	98.08
Disposals	-
At 31 March 2021	**357.52**
Accumulated amortisation:	
At 1 April 2019	43.82
Disposals	-
Amortisation charge for the year	39.10
At 31 March 2020	**82.92**
Disposals	-
Amortisation charge for the year	55.30
At 31 March 2021	**138.22**
Carrying Amount:	
At 31 March 2020	176.52
At 31 March 2021	219.30

Note 16: Other non-financial assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital advances	45.27	12.06
Prepaid Expenses	159.22	126.56
Others	399.18	456.72
Total	**603.67**	**595.34**

Note 17: Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward and cross currency interest rate swaps to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The below table shows the details of the derivative instruments held by the Company:

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Particulars	Amount as at	
	31st March, 2021	31st March, 2021
A) Derivatives designated as cash flow hedges:		
Forward contracts	(439.03)	777.10
Cross currency interest rate swaps	52.48	519.96
Sub total (A)	**(386.55)**	**1,297.06**
B) Other derivatives		
Cross currency interest rate swaps	40.30	72.91
Sub total (B)	**40.30**	**72.91**
Total derivative financial instruments (A) +B)) - disclosed under financial assets		**1,369.97**
Total derivative financial instruments (A) +B)) - disclosed under financial liabilities	**(346.25)**	

Note 17.1 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Company's risk management strategy and how it is applied to manage risk are explained in Note 45.

Note 17.2 Derivatives designated as hedging instruments

The Company is exposed to foreign currency risk arising from its fixed rate foreign currency denominated bond amounting to USD 300 million. Interest on the borrowing is payable at 5.9% p.a. at half yearly intervals, and the principal amount is repayable in January 2023. The Company economically hedged the foreign currency risk arising from the bond with forward rate agreement and cross currency interest rate swaps of equivalent amount. The cross currency interest rate swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 300 million to cash outflows in Indian Rupees with a notional amount of ₹ 21,288 million.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward currency contract match that of the foreign currency borrowing (notional amount, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward currency contract are identical to the hedged risk components. For the purpose of calculating hedge effectiveness, the Company uses a qualitative features to determine the hedge effectiveness.

The reconciliation of cash flow hedge reserve for the years ended 31st March, 2021 and 31st March, 2020 are as follows:

Particulars	Amount as at	
	31st March, 2021	31st March, 2021
Cash flow hedge reserve as at beginning of the year	4.05	-
Gain/ (loss) recognised in other comprehensive income during the year	(146.01)	5.41
Less: Tax impact on the above	36.75	(1.36)
Amount reclassified to Profit/ Loss account	-	-
Total derivative financial instruments (A)+(B)	**(105.21)**	**4.05**

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 17.3 Derivatives not designated as hedging instruments

The Company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 14.10 million. Interest on the borrowing is payable at 3-6% p.a. and the principal amount is repayable in July 2022. The Company economically hedged the foreign currency risk arising from the loan with cross currency interest rate swaps of equivalent amount. The cross currency interest rate swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 14.10 million to cash outflows in Indian Rupees with a notional amount of ₹ 975.72 million (As at 31st March, 2020 - ₹ 1,534.52 million)

Note 18: Trade payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	950.35	879.62
Total	**950.35**	**879.62**

(All amounts are in millions, unless otherwise stated)

Note 18(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31st March, 2021	As at 31st March, 2020
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Total	**-**	**-**

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 19: Debt securities

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost		
Commercial Papers (unsecured)	11,420.43	19,506.71
US Dollar Bonds (Secured)	22,044.08	22,979.80
Privately placed redeemable non-convertible debentures (Secured)	62,244.10	27,355.30
Others - Non-convertible Debentures - Public issue (Secured)	3,659.95	4,059.71
Total (A)	**99,368.56**	**73,901.52**
Debt securities in India	77,324.48	50,921.72
Debt securities outside India	22,044.08	22,979.80
Total (B)	**99,368.56**	**73,901.52**

Commercial papers carry interest rates of 3.45% to 9% p.a (31 March 2020 : 5.8% to 9.13% p.a.) and their tenure ranges from 71 to 364 days (31st March, 2020 : 74 days to 365 days)

US Dollar Bonds carry interest rates of 5.9% p.a. (31st March, 2020 : 5.90% p.a.) and their tenure is for 3 years (31st March, 2020 : 3 years).

Nature of Security

Debentures are 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 1 year to 10 years. US Dollar Bonds are secured by way of floating charge on the book debts of the Company on gold and other unencumbered assets.

(All amounts are in millions, unless otherwise stated)

Note 19: Debt securities (Contd.....)

Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
1	Private Placement	29-Jun-18	29-Jun-20	10,00,000	665	9.50%	665.00	-	665.00	Secured	On Maturity	Listed
2	Private Placement	31-Jul-18	31-Jul-20	10,00,000	168	9.50%	168.33	-	168.33	Secured	On Maturity	Listed
3	Private Placement	30-Oct-17	29-Oct-20	10,00,000	2,000	8.80%	2,000.00	-	2,000.00	Secured	On Maturity	Listed
4	Public Issue	29-Nov-18	28-Nov-20	1,000	1,13,741	9.85%	113.74	-	113.74	Secured	On Maturity	Listed
5	Public Issue	29-Nov-18	28-Nov-20	1,000	1,22,818	Zero Coupon	122.82	-	122.82	Secured	On Maturity	Listed
6	Public Issue	18-Oct-14	18-Jan-21	1,000	1,50,523	Zero Coupon	150.52	-	150.52	Secured	On Maturity	Listed
7	Private Placement	29-Jun-18	29-Jun-21	10,00,000	665	9.50%	665.00	665.00	665.00	Secured	On Maturity	Listed
8	Private Placement	31-Jul-18	31-Jul-21	10,00,000	168	9.50%	168.33	168.33	168.33	Secured	On Maturity	Listed
9	Public Issue	29-Nov-18	29-Nov-21	1,000	2,74,444	9.60%	274.44	274.44	274.44	Secured	On Maturity	Listed
10	Public Issue	29-Nov-18	29-Nov-21	1,000	2,17,458	10.00%	217.46	217.46	217.46	Secured	On Maturity	Listed
11	Public Issue	29-Nov-18	29-Nov-21	1,000	1,93,893	Zero Coupon	193.89	193.89	193.89	Secured	On Maturity	Listed
12	Public Issue	6-Mar-19	06-Mar-22	1,000	1,53,131	9.35%	153.13	153.13	153.13	Secured	On Maturity	Listed
13	Public Issue	6-Mar-19	06-Mar-22	1,000	1,66,041	9.75%	166.04	166.04	166.04	Secured	On Maturity	Listed
14	Public Issue	6-Mar-19	06-Mar-22	1,000	1,74,749	Zero Coupon	174.75	174.75	174.75	Secured	On Maturity	Listed
15	Private Placement	20-Mar-13	20-Mar-23	10,00,000	30	13.25%	30.00	30.00	30.00	Secured	On Maturity	Listed
16	Public Issue	29-Nov-18	29-Nov-23	1,000	5,74,214	10.00%	574.21	574.21	574.21	Secured	On Maturity	Listed
17	Public Issue	29-Nov-18	29-Nov-23	1,000	2,99,989	10.40%	299.99	299.99	299.99	Secured	On Maturity	Listed
18	Public Issue	29-Nov-18	29-Nov-23	1,000	1,47,955	Zero Coupon	147.96	147.96	147.96	Secured	On Maturity	Listed
19	Public Issue	6-Mar-19	06-Mar-24	1,000	2,85,001	9.75%	285.00	285.00	285.00	Secured	On Maturity	Listed
20	Public Issue	6-Mar-19	06-Mar-24	1,000	2,05,402	10.15%	205.40	205.40	205.40	Secured	On Maturity	Listed
21	Public Issue	6-Mar-19	06-Mar-24	1,000	89,932	Zero Coupon	89.93	89.93	89.93	Secured	On Maturity	Listed
22	Public Issue	29-Nov-18	29-Nov-25	1,000	3,97,723	Zero Coupon	397.72	397.72	397.72	Secured	On Maturity	Listed
23	Public Issue	6-Mar-19	05-May-26	1,000	2,04,779	Zero Coupon	204.78	204.78	204.78	Secured	On Maturity	Listed
24	Public Issue	Various Dates	Various Dates	1,000	42,309	-	42.31	42.31	42.31	Secured	On Maturity	Unlisted
25	Private Placement	27-Sep-19	27-Sep-22	10,00,000	2,000	10.50%	2,000.00	2,000.00	2,000.00	Secured	On Maturity	Listed
26	Private Placement	27-Sep-19	27-Sep-22	10,00,000	50	10.50%	50.00	50.00	50.00	Secured	On Maturity	Listed
27	Private Placement	27-Sep-19	27-Sep-22	10,00,000	100	10.50%	100.00	100.00	100.00	Secured	On Maturity	Listed
28	Private Placement	7-Nov-19	7-Nov-22	10,00,000	2,500	9.75%	2,500.00	2,500.00	2,500.00	Secured	On Maturity	Listed
29	Private Placement	18-Nov-19	18-Nov-22	10,00,000	1,800	9.75%	1,800.00	1,800.00	1,800.00	Secured	On Maturity	Listed
30	Private Placement	18-Nov-19	18-Nov-22	10,00,000	200	9.75%	200.00	200.00	200.00	Secured	On Maturity	Listed
31	Private Placement	31-Dec-19	31-Dec-21	10,00,000	520	9.75%	520.00	520.00	520.00	Secured	On Maturity	Listed
32	Private Placement	31-Dec-19	31-Dec-21	10,00,000	950	9.75%	950.00	950.00	950.00	Secured	On Maturity	Listed
33	Private Placement	31-Dec-19	31-Dec-21	10,00,000	300	9.75%	300.00	300.00	300.00	Secured	On Maturity	Listed
34	Private Placement	31-Dec-19	31-Dec-21	10,00,000	480	9.75%	480.00	480.00	480.00	Secured	On Maturity	Listed
35	Private Placement	31-Dec-19	31-Dec-21	10,00,000	250	9.75%	250.00	250.00	250.00	Secured	On Maturity	Listed
36	Private Placement	31-Dec-19	31-Dec-21	10,00,000	1,000	9.75%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
37	Private Placement	14-Feb-20	14-Feb-22	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
38	Private Placement	14-Feb-20	14-Feb-22	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
39	Private Placement	14-Feb-20	14-Feb-22	10,00,000	300	9.25%	300.00	300.00	300.00	Secured	On Maturity	Listed
40	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,500	9.25%	1,500.00	1,500.00	1,500.00	Secured	On Maturity	Listed
41	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,250	9.25%	1,250.00	1,250.00	1,250.00	Secured	On Maturity	Listed
42	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,200	9.25%	1,200.00	1,200.00	1,200.00	Secured	On Maturity	Listed
43	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
44	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed

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(All amounts are in millions, unless otherwise stated)

Note 19: Debt securities (Contd.....)

Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
45	Private Placement	14-Feb-20	14-Feb-23	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
46	Private Placement	14-Feb-20	14-Feb-23	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
47	Private Placement	14-Feb-20	14-Feb-23	10,00,000	250	9.25%	250.00	250.00	250.00	Secured	On Maturity	Listed
48	Private Placement	14-Feb-20	14-Feb-23	10,00,000	1,750	9.25%	1,750.00	1,750.00	1,750.00	Secured	On Maturity	Listed
49	Private Placement	14-Feb-20	14-Feb-23	10,00,000	1,250	9.25%	1,250.00	1,250.00	1,250.00	Secured	On Maturity	Listed
50	Private Placement	27-Mar-20	27-Mar-23	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
51	Private Placement	27-Mar-20	27-Mar-23	10,00,000	750	9.25%	750.00	750.00	750.00	Secured	On Maturity	Listed
52	Private Placement	27-Mar-20	27-Mar-23	10,00,000	250	9.25%	250.00	250.00	250.00	Secured	On Maturity	Listed
53	Private Placement	8-May-20	8-May-23	10,00,000	1,000	9.00%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
54	Private Placement	1-Jun-20	1-Jun-23	10,00,000	5,000	9.10%	5,000.00	5,000.00	-	Secured	On Maturity	Listed
55	Private Placement	12-Jun-20	12-Dec-21	10,00,000	2,500	8.75%	2,500.00	2,500.00	-	Secured	On Maturity	Listed
56	Private Placement	23-Jun-20	23-Dec-21	10,00,000	500	8.75%	500.00	500.00	-	Secured	On Maturity	Listed
57	Private Placement	23-Jun-20	23-Dec-21	10,00,000	1,000	8.75%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
58	Private Placement	9-Jul-20	9-Jul-30	10,00,000	250	9.50%	250.00	250.00	-	Secured	On Maturity	Listed
59	Private Placement	9-Jul-20	9-Jan-22	10,00,000	750	8.75%	750.00	750.00	-	Secured	On Maturity	Listed
60	Private Placement	9-Jul-20	9-Jan-22	10,00,000	1,400	8.75%	1,400.00	1,400.00	-	Secured	On Maturity	Listed
61	Private Placement	9-Jul-20	9-Jan-22	10,00,000	100	8.75%	100.00	100.00	-	Secured	On Maturity	Listed
62	Private Placement	10-Jul-20	24-Jun-22	10,00,000	1,780	9.00%	1,780.00	1,780.00	-	Secured	On Maturity	Listed
63	Private Placement	16-Jul-20	24-Jun-22	10,00,000	700	9.00%	700.00	700.00	-	Secured	On Maturity	Listed
64	Private Placement	21-Jul-20	21-Jul-22	10,00,000	600	8.50%	600.00	600.00	-	Secured	On Maturity	Listed
65	Private Placement	21-Jul-20	21-Jul-22	10,00,000	500	8.50%	500.00	500.00	-	Secured	On Maturity	Listed
66	Private Placement	21-Jul-20	21-Jul-22	10,00,000	300	8.50%	300.00	300.00	-	Secured	On Maturity	Listed
67	Private Placement	21-Jul-20	21-Jul-22	10,00,000	1,100	8.50%	1,100.00	1,100.00	-	Secured	On Maturity	Listed
68	Private Placement	31-Jul-20	31-Jan-22	10,00,000	750	8.35%	750.00	750.00	-	Secured	On Maturity	Listed
69	Private Placement	31-Jul-20	31-Jan-22	10,00,000	300	8.35%	300.00	300.00	-	Secured	On Maturity	Listed
70	Private Placement	31-Jul-20	31-Jan-22	10,00,000	1,300	8.35%	1,300.00	1,300.00	-	Secured	On Maturity	Listed
71	Private Placement	31-Jul-20	31-Jan-22	10,00,000	1,000	8.35%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
72	Private Placement	14-Aug-20	9-Jul-30	10,00,000	250	9.50%	250.00	250.00	-	Secured	On Maturity	Listed
73	Private Placement	14-Aug-20	9-Jul-30	10,00,000	400	9.50%	400.00	400.00	-	Secured	On Maturity	Listed
74	Private Placement	14-Aug-20	9-Jul-30	10,00,000	350	9.50%	350.00	350.00	-	Secured	On Maturity	Listed
75	Private Placement	19-Aug-20	18-Feb-22	10,00,000	1,000	8.35%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
76	Private Placement	20-Aug-20	6-Feb-23	10,00,000	1,500	8.45%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
77	Private Placement	7-Sep-20	7-Mar-23	10,00,000	1,000	8.10%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
78	Private Placement	30-Sep-20	30-Mar-22	10,00,000	500	7.35%	500.00	500.00	-	Secured	On Maturity	Listed
79	Private Placement	22-Dec-20	22-Dec-23	10,00,000	2,500	7.45%	2,500.00	2,500.00	-	Secured	On Maturity	Listed
80	Private Placement	22-Dec-20	22-Dec-23	10,00,000	1,500	7.45%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
81	Private Placement	28-Jan-21	28-Jan-26	10,00,000	1,500	8.57%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
82	Private Placement	28-Jan-21	28-Jan-27	10,00,000	1,500	8.57%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
83	Private Placement	28-Jan-21	28-Jan-28	10,00,000	3,000	8.57%	3,000.00	3,000.00	-	Secured	On Maturity	Listed
Total amount								**63,770.34**	**31,160.75**			
Effective interest rate adjustment								(529.66)	(732.14)			
Interest accrued but not due								2,663.37	986.40			
Net Amount								**65,904.05**	**31,415.01**			

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 20: Borrowings (other than debt securities)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost:		
Term Loan		
Indian rupee loan from banks (secured)	26,726.93	21,999.33
Foreign currency term loan from banks (secured)	1,029.15	1,062.78
Indian rupee loan from other parties (secured)	6,962.47	10,371.89
Indian rupee loan from other parties (unsecured)	82.24	91.23
Finance lease obligations (secured)	15.04	54.74
Loans repayable on demand		
Cash credit / overdraft facilities from banks (secured)	1.38	9,712.63
Working capital demand loan from banks (secured)	42,162.94	59,312.82
Other loans		
Vehicle loans (Secured)	6.39	14.61
Total	**76,986.54**	**1,02,620.03**
Borrowings in India*	76,986.54	1,02,620.03
Borrowings outside India	-	-
Total	**76,986.54**	**1,02,620.03**

*Includes foreign currency loan borrowed from Ratnakar Bank Limited.

The Company has not defaulted in repayment of principal and interest during the year and as at balance sheet date 31st March, 2021.

Term loan from bank:

Indian rupee loan from banks (secured): 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 ₹ 16,816.50 (31st March, 2020: ₹ 17,230)

Foreign currency term loans (ECB) from banks (secured):

1) ₹ 975.7 (31st March, 2020: ₹ 975.7) which carries interest @ 3 month LIBOR plus 280bps. The loan is repayable after 3 years from the date of its origination, viz., July 25, 2019. The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Company.

Term loan from other parties (secured):

Third party rupee term loan is secured where Interest payments are made quarterly at 9.20 % - 9.90 % pa. The loans is secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement . Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Term loan from other parties (unsecured):

Third party rupee term loan is unsecured where interest payments are made quarterly at 7.75 % pa.

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Finance lease obligations:

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. ₹ 15.04 (31st March, 2020: ₹ 51.51) each.

Loans repayable on demand

Cash credit / Overdraft facilities from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Company 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 ₹ 244.70 (31st March, 2020: ₹ 8,004.5)

Working Capital demand loan from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Company 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 ₹ 17,800 (31st March, 2020: ₹ 44,650.00)

Other loans

Vehicle Loans: The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

A) Indian rupee loan from banks (Secured)

As at 31 March 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	7.75 -10.25%	3,668.73
Due within 1-2 years	7.75 -10.25%	8,426.54
Due within 1 year	7.75 -10.25%	14,642.17
Total		**26,737.44**
Effective interest rate adjustment		(83.86)
Interest accrued but not due		73.35
Net Amount		**26,726.93**

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.75 -10.05%	4,898.94
Due within 1-2 years	8.75 -10.05%	10,361.50
Due within 1 year	8.75 -10.05%	6,805.33
Total		**22,065.77**
Effective interest rate adjustment		(77.21)
Interest accrued but not due		10.77
Net Amount		**21,999.33**

B) Indian rupee loan from others (Secured)

As at 31 March 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.60 -10.75%	2,393.00
Due within 1-2 years	8.60 -10.75%	3,403.85
Due within One year	8.60 -10.75%	1,128.84
Total		**6,925.69**
Effective interest rate adjustment		(13.75)
Interest accrued but not due		50.53
Net Amount		**6,962.47**

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.75%	5,821.83
Due within 1-2 years	9.50 -10.75%	1,728.83
Due within One year	9.50 -10.75%	2,691.33
Total		**10,241.99**
Effective interest rate adjustment		(29.23)
Interest accrued but not due		159.13
Net Amount		**10,371.89**

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

C) Indian rupee loan from others (Unsecured)

As at 31 March 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	6.90 -7.50 %	82.24
Total		**82.24**

As at 31 March 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	7.50 -8.00 %	89.29
Interest accrued but not due		1.94
Total		**91.23**

D) Vehicle loans (Secured loans)

Terms of repayment

Tenure (from the date of Balance Sheet)	As at 31st March, 2021			As at 31st March, 2020		
	Rate of Interest			Rate of Interest		
	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount	Amount	Amount	Amount
Due within 1-2 years	-	-	-	6.39	-	6.39
Due within 1 year	6.39	-	6.39	8.22	-	8.22
Grand Total	**6.39**	**-**	**6.39**	**14.61**	**-**	**14.61**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

Note 21: Subordinated liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost:		
Subordinated bonds from others	48.10	70.38
Total	**48.10**	**70.38**
Subordinate liabilities in India	48.10	70.38
Total	**48.10**	**70.38**

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Subordinate bonds from others:

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at 31st March, 2021

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 1-2 years	-	-	1,472.00	1.47	3,542.00	3.54	5,014.00	5.01
Due within 1 year	-	-	14,852.00	14.85	12,463.00	12.46	27,315.00	27.31
Grand Total	**-**	**-**	**16,324.00**	**16.32**	**16,005.00**	**16.00**	**32,329.00**	**32.32**
Effective Interest rate adjustment								(0.10)
Interest accrued but not due								15.88
Grand Total								**48.10**

As at 31st March, 2020

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	1,472.00	1.47	3,542.00	3.54	5,014.00	5.01
Due within 1-2 years	-	-	14,852.00	14.86	12,463.00	12.46	27,315.00	27.32
Due within 1 year	6,857.00	6.86	10,589.00	10.59	-	-	17,446.00	17.45
Grand Total	**6,857.00**	**6.86**	**26,913.00**	**26.92**	**16,005.00**	**16.00**	**49,775.00**	**49.78**
Effective Interest rate adjustment								(0.49)
Interest Accrued but not due								21.10
Grand Total								**70.38**

Note 22: Other financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unclaimed matured non-convertible debenture	9.93	19.71
Unclaimed dividend	31.93	38.91
Unclaimed matured subordinate bonds and interest accrued thereon	9.82	9.05
Payable to customers (Auction surplus refundable)	428.14	420.43
Security deposits	1,552.63	462.69
Employee related payables	697.01	624.51
Others	13.09	4.43
Total	**2,742.55**	**1,579.73**

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 23: Provisions

Particulars		As at 31st March, 2021	As at 31st March, 2020
Loan commitments		0.46	1.72
Provision for other assets		179.95	187.43
Employee benefits			
- Gratuity		137.78	186.84
- Provision for compensated absences		171.77	158.70
Litigation*		52.46	50.43
Total		**542.42**	**585.12**

Movement of provisions other than employee benefits during the year

The movement in provisions during 2020-21 and 2019-20 is, as follows:

	Litigation	Other assets	Total
At 31 March 2019	**41.18**	**194.77**	**235.95**
Provided /(reversed) during the year	9.25	(7.34)	1.91
At 31 March 2020	**50.43**	**187.43**	**237.86**
Provided /(reversed) during the year	2.03	(7.48)	(5.45)
At 31 March 2021	**52.46**	**179.95**	**232.41**

***Litigation:**

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Loan commitments

Credit quality of exposure

	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Standard assets	1,515.00	-	-	1,515.00	1,280.00	-	-	1,280.00
Sub-standard assets	-	-	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-	-	-
Total	**1,515.00**	**-**	**-**	**1,515.00**	**1,280.00**	**-**	**-**	**1,280.00**

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

	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,280.00**	**-**	**-**	**1,280.00**	**180.00**	**-**	**-**	**180.00**
New assets originated or purchased	235.00	-	-	235.00	1,280.00	-	-	1,280.00
Assets derecognised or repaid	-	-	-	-	(180.00)	-	-	(180.00)
Gross carrying amount closing balance	**1,515.00**	**-**	**-**	**1,515.00**	**1,280.00**	**-**	**-**	**1,280.00**

Reconciliation of ECL balance is given below:

	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**1.72**	**-**	**-**	**1.72**	**0.45**	**-**	**-**	**0.45**
New assets originated or purchased	-	-	-	-	1.72			1.72
Assets derecognised or repaid (excluding write offs)	(1.26)	-	-	(1.26)	(0.45)			(0.45)
ECL allowance - closing balance	**0.46**	**-**	**-**	**0.46**	**1.72**	**-**	**-**	**1.72**

Note 24: Other non-financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payable	389.60	177.33
Retention money and other sundry liabilities	209.93	157.75
Total	**599.53**	**335.08**

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 25: Equity share capital

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

Authorised	As at 31st March, 2021	As at 31st March, 2020
980,000,000 (31st March, 2020: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
4,00,000 (31st March, 2020: 400,000) preference shares of ₹ 100/- each	40.00	40.00
Total Authorised	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid up		
846,364,729 (31st March, 2020: 844,993,125) equity shares of ₹ 2/- each	1,692.73	1,689.99
Total Issued, subscribed and fully paid up	**1,692.73**	**1,689.99**

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

	No. in million	₹ in million
As at 1st April, 2019	842.80	1,685.62
Issued during the year - ESOP (refer note 37)	2.18	4.37
As at 31st March, 2020	844.98	1,689.99
Issued during the year - ESOP (refer note 37)	1.38	2.74
As at 31st March, 2021	846.36	1,692.73

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2021, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.25 per share (31st March, 2020: ₹ 2.2 per share).

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

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

Particulars	31st March, 2021		31st March, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Mr. Nandakumar V P	296.15	28.79	243.67	28.84
Ms. Sushama Nandakumar	48.00	5.67	48.00	5.68
DSP Small Cap Fund	49.34	5.83	28.74	3.40
Quinag Acquisition (FPI) Ltd	83.79	9.90	83.79	9.92

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

As per the 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 ownership of shares.

Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued 5,342,593 equity shares (31st March 2020: 3,785,989) 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.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 37

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Note 26: Other equity

Securities premium	
At 1st April, 2019	**13,793.54**
Add: Additions on ESOPs exercised	186.45
At 31st March, 2020	**13,979.99**
Add: Additions on ESOPs exercised	125.12
At 31st March, 2021	**14,105.11**

Share option outstanding account	
At 1st April, 2019	**276.17**
Add: Other Additions/ Deductions during the year	(9.45)
At 31st March, 2020	**266.72**
Add: Other Additions/ Deductions during the year	(130.33)
At 31st March, 2021	**136.39**

Statutory reserve u/s 45-IC of Reserve Bank of India Act, 1934	
At 1st April, 2019	**8,711.60**
Add: Transfer from surplus balance in the Statement of Profit and Loss	2,449.77
At 31st March, 2020	**11,161.37**
Add: Transfer from surplus balance in the Statement of Profit and Loss	3,406.69
At 31st March, 2021	**14,568.06**

Debenture redemption reserve	
At 1st April, 2019	**1,115.33**
Add: Amount transferred from surplus in the Statement of Profit and Loss	(1,115.33)
At 31st March, 2020	**-**
Less: Amount transferred to surplus in the Statement of Profit and Loss	-
At 31st March, 2021	**-**

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

General reserve	
At 1st April, 2019	**3,627.02**
Utilised during the year	-
At 31st March, 2020	**3,627.02**
Utilised during the year	-
At 31st March, 2021	**3,627.02**

Hedging reserve	
At 1st April, 2019	**(2.21)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	(10.63)
At 31st March, 2020	**(12.84)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	3.42
At 31st March, 2021	**(9.42)**

Retained earnings	
At 1st April, 2019	**14,720.06**
Add: Profit for the year	12,303.12
Less: Appropriations	(274.55)
Transfer to/(from) debenture redemption reserve	1,115.33
Interim dividend on equity shares including tax thereon	(2,799.00)
Transfer to Statutory Reserve	(2,449.77)
At 31st March, 2020	**22,615.19**
Add: Profit for the year	16,979.19
Add: Appropriations	5.01
Transfer to/(from) debenture redemption reserve	-
Interim dividend on equity shares including tax thereon	(1,057.71)
Transfer to Statutory Reserve	(3,406.69)
At 31st March, 2021	**35,134.98**

Other comprehensive income - Actuary gain / (loss)	
At 1st April, 2019	**(37.31)**
Movements during the year	(58.37)
At 31st March, 2020	**(95.68)**
Movements during the year	(36.77)
At 31st March, 2021	**(132.45)**

Other comprehensive income - Effective portion of cash flow hedges	
At 1st April, 2019	**-**
Movements during the year	4.05
At 31st March, 2020	**4.05**
Movements during the year	(109.26)
At 31st March, 2021	**(105.21)**

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Share application money pending allotment	
At 1st April, 2019	**31.79**
Movements during the year	291.36
At 31st March, 2020	**323.15**
Movements during the year	(323.13)
At 31st March, 2021	**0.02**

Total other equity	
At 31st March, 2020	**51,868.97**
At 31st March, 2021	**67,324.51**

Nature and purpose of Reserves

Statutory reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934): Section 45IC of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has transferred an amount of ₹ 3,406.69 million (2019-20 ₹ 2,449.77 million) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

Securities premium: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Hedge reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 45. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedge reserve. Amounts recognised in the hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Debenture redemption reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, 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.

(2) Pursuant to notification issued by Ministry of Corporate Affairs on 16th August, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amend the Companies (Share Capital and Debentures) Rules, 2014. In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to maintain in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

(3) By complying with the above notification, the Company has transferred back ₹ 1,115.33 million from DRR to Retained earnings in the financial year ended 31st March, 2020 and In respect of the debentures issued during the current year, the Company is not required to create DRR.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share option outstanding account (ESOP reserve): The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 37 for further details of these plans.

Other comprehensive income: Other items of other comprehensive income consist of re-measurement of net defined benefit liability/asset and fair value changes on derivatives designated as cash flow hedge, net.

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(All amounts are in millions, unless otherwise stated)

Note 27: Revenue from operations

Note 27 (i): Interest income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial assets measured at amortised cost:		
Interest on loans		
- Gold loans	48,112.23	38,708.02
- Property loans	83.32	56.14
- Onlending	485.75	1,053.31
- Commercial vehicles	1,830.22	2,513.17
- Other Loans	300.58	242.88
Interest income from investments	123.96	154.75
Interest on deposits with banks	441.68	158.34
Total	**51,377.74**	**42,886.61**

Note 27 (ii): Fees and commission income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Foreign exchange commission	0.12	2.91
Money transfer commission	43.09	68.94
Total	**43.21**	**71.85**

Note 27 (iii): Dividend income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Dividend income	50.24	50.24
Total	**50.24**	**50.24**

Note 27 (iv): Net gain on fair value changes

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	0.10	-
- Derivatives	-	-
Total Net gain on fair value changes (A)	**0.10**	**-**
Fair value changes:		
- Realised	-	-
- Unrealised	0.10	-
Total Net gain fair value changes (B)	**0.10**	**-**

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Note 27 (v): Other operating income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Bad debts recovered	60.96	11.32
Others	190.39	93.01
Total	**251.35**	**104.33**

Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 and March 31 2020 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue by products / services		
Interest income	51,377.74	42,886.61
Fees and commission	43.21	71.85
Others	301.69	154.57
Total revenue from operations*	**51,722.64**	**43,113.03**

* The revenue from operations is earned in India.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

Note 28: Other income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net gain on derecognition of property, plant and equipment	8.35	12.21
Others	204.16	396.67
Total	**212.51**	**408.88**

Note 29: Finance costs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
Interest on debt securities	8,214.00	4,565.74
Interest on borrowings	7,703.63	8,615.76
Interest on subordinated liabilities	7.75	9.29
Finance Cost on Lease Liability	475.60	325.95
Other interest expense	798.77	395.25
Total	**17,199.75**	**13,911.99**

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Note 30: Fees and commission expense

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
Commission paid	201.78	236.63
Total	**201.78**	**236.63**

Note 31: Impairment on financial instruments

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial instruments measured at amortised cost:		
Loans		
- Standard assets	599.06	54.37
- Non-performing assets	51.07	446.41
- Write offs	660.32	359.21
- for other assets	(7.48)	(7.33)
Investments	**(3.74)**	**(4.17)**
Total	**1,299.23**	**848.49**

Note 32: Employee benefits expenses

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	5,576.70	5,793.26
Contribution to provident and other funds	528.58	494.71
Share based payments to employees	6.45	2.82
Staff welfare expenses	134.91	200.58
Total	**6,246.64**	**6,491.37**

Note 33: Depreciation and amortisation

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation of tangible assets	668.47	688.73
Amortisation of intangible assets	55.30	39.10
Depreciation on right of use assets	832.93	812.83
Total	**1,556.70**	**1,540.66**

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Note 34: Other expenses

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rent	84.02	74.25
Energy costs	218.76	250.29
Repairs and maintenance		
- Vehicles	1.60	5.68
- Others	253.29	441.92
Rates and taxes	105.42	46.49
Printing and stationery	45.61	88.13
Travelling and conveyance	119.49	269.16
Advertising and publicity	421.04	482.56
Directors' fees, allowances and expenses	5.93	5.03
Payment to auditor (Refer note (i) below)	12.57	13.42
Insurance	136.71	89.59
Communication costs	335.97	452.99
Legal and professional charges	160.25	275.51
Corporate Social Responsibility expenses (CSR) (Refer note (ii) below)	278.08	267.38
Other expenditure	79.25	113.55
IT Support costs	382.24	352.82
Security charges	95.30	463.90
Total	**2,735.53**	**3,692.67**

Note (i) Payment to auditor

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
As auditor:		
Statutory audit fee	4.50	4.50
Limited reviews	2.84	2.79
Other statutory attest services*	3.65	4.55
Reimbursement of expenses	1.59	1.58
Total	**12.57**	**13.42**
* Above excludes fees for the year ended 31st March, 2020 in respect of funds raised through Bond issue, adjusted in effective interest rate on borrowings.	-	5.00

Note (ii) Details of CSR expenditure

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Gross Amount required to be spent by the Company during the year	267.16	228.94

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(All amounts are in millions, unless otherwise stated)

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	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ended on 31st March, 2021			
i) Construction/acquisition of assets	-	-	-
ii) On purpose other than (i) above	215.11	62.97	278.08

	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ended on 31st March, 2020			
i) Construction/acquisition of assets	-	-	-
ii) On purpose other than (i) above	267.38	-	267.38

Note 35: Income tax

The Company has computed the tax expense of the current financial year and previous year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, the provision for current and deferred tax has been determined at the rate of 25.17%.

The components of income tax expense for the year ended 31st March, 2021 and March 2020 are:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax	6,053.32	4,296.00
Current tax relating to earlier years	(50.00)	-
Deferred tax relating to origination and reversal of temporary differences	(286.99)	200.98
Total tax charge	**5,716.33**	**4,496.98**
Current tax	6,053.32	4,296.00
Deferred tax	(286.99)	200.98

Reconciliation of total income tax expense:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit before tax	22,695.52	16,800.10
Current tax at effective tax rate 25.17%	5,712.46	4,228.58
Tax effect of:		
- Non deductible tax expenses (donations, corporate social responsibility, interest late payments and penalty)	53.87	70.56
- Income tax at different rates	-	197.84
- Current tax relating to earlier years	(50.00)	-
Current tax as per statement of profit and loss	**5,716.34**	**4,496.98**

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

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement	OCI	Others - Adjusted in Statement of Profit and Loss in Other equity
	31st March, 2021	31st March, 2021	2020-21	2020-21	2020-21
Provisions for litigations and compensated absences	56.44	-	3.80	-	-
Property, plant and equipment and right of use asset (Net of lease liabilities)	374.50	-	48.21	-	-
Impairment allowance for financial assets	315.71	-	149.84	-	-
Remeasurement gain / (loss) on defined benefit plan	34.68	-	(24.71)	12.37	-
Derivative instruments in cash flow hedge relationship	33.02	-	2.22	36.75	-
Debt instrument measured at amortised cost	-	(198.88)	14.13	-	-
Financial assets measured at amortised cost	-	(6.10)	(0.71)	-	-
Other temporary differences	351.43	-	94.21	-	-
Total	**1,165.78**	**(204.98)**	**286.99**	**49.12**	**-**
Net Deferred tax asset as at 31st March, 2021	**960.80**				

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

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement	OCI	Others - Adjusted in Statement of Profit and Loss in Other equity
	31st March 2020	31st March 2020	2019-20	2019-20	2019-20
Provisions for litigations and compensated absences	52.64	-	(7.02)	-	-
Property, plant and equipment and right of use asset (Net of lease liabilities)	326.28	-	(63.49)	-	147.64
Impairment allowance for financial assets	165.86	-	(46.84)	-	-
Remeasurement gain / (loss) on defined benefit plan	47.03	-	(23.87)	19.63	-
Derivative instruments in cash flow hedge relationship	-	(5.96)	(3.82)	(1.36)	-
Debt instrument measured at amortised cost	-	(213.00)	(165.62)	-	-
Financial assets measured at amortised cost	-	(5.38)	(4.17)	-	-
Other temporary differences	257.23	-	113.85	-	-
Total	**849.04**	**(224.34)**	**(200.98)**	**18.27**	**147.64**
Net Deferred tax asset as at 31st March, 2020	**624.70**				

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Note 36: Earnings per share

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net profit for calculation of basic earnings per share	16,979.19	12,303.12
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	**84,57,29,191**	**84,40,74,715**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	29,921	23,92,976
Weighted average number of equity shares in calculating diluted earnings per share (Nos.)	**84,57,59,112**	**84,64,67,691**
Basic earnings per share (₹)	20.08	14.58
Diluted earnings per share (₹)	20.08	14.53

Note 37: 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	05th July, 2016			
Number of options approved	2,52,36,214			
Date of grant	08th August, 2016			
Method of Accounting	The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black Scholes Model. The key assumptions used in Black Scholes Model for calculating fair value as on the date of grant are:			
	(Rf)Interest Rate	Expected Life	Dividend Yield	Expected Volatility
	7.03% to 7.25%	3 to 5 years	2.95%	49.68%-55.38%
Date of In principle Approval	In principle approval of the BSE was obtained on 20 December 2016 and NSE on 28 December 2016.			
Number of options granted	1,37,50,466			
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.			

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Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI (Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13,750,466 options at an exercise price of 86.45 on 08th August, 2016 which will vest over a period of three years from the grant date (08th August, 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	31st March, 2021	31st March, 2020
Options outstanding, beginning of year	60,60,932	87,70,385
Options granted during the year	-	-
Lapsed options restored during the year	-	8,51,250
Options lapsed during the year	(46,19,328)	(13,77,435)
Options exercised during the year	(13,71,604)	(21,83,268)
Options unvested and outstanding at the end of the year	**70,000**	**60,60,932**

Particulars	31st March, 2021	31st March, 2020
Weighted average remaining contract life of options	-	-
Weighted average market price at the exercise date	-	-

	Vesting I	Vesting II	Vesting III
	8 August 2017 30%	8 August 2018 30%	8 August 2019 30%
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 ₹ 10/-)	86.45	86.45	86.45

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Note 38: Retirement benefit plan

Defined contribution plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 364.88 million (31st March, 2020: ₹ 332.44 million) for Provident Fund contributions and ₹88.63 million (31st March, 2020: ₹ 107.72 million) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

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Defined benefit plan

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.

Update on the Code on Social Security, 2020 ('Code')

The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net employee benefit expense recognised in the statement of profit and loss

Components of employer expense	31st March, 2021	31st March, 2020
Current service cost	170.72	158.69
Past service cost	-	-
Net interest on net defined benefit liability/ (asset)	4.68	3.58
Net transfer (in) / outs	(11.70)	-
Total employer expense recognised in statement of profit and loss	**163.70**	**162.27**
Actuarial loss / (gain) from changes in financial assumptions and experience adjustments	49.14	78.00
Total actuarial loss / (gain) recognised in other comprehensive income	**49.14**	**78.00**

Net employee benefit expense recognised in the Other Comprehensive Income

Movement in Other Comprehensive Income (OCI)	31st March, 2021	31st March, 2020
Balance at start of year (loss)/gain	(120.70)	(42.70)
Actuarial (loss)/gain from changes in financial assumptions	(21.07)	(48.71)
Actuarial (loss)/gain from experience over the past year	(26.23)	(35.66)
Return on plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	(1.84)	6.37
Balance at end of year (loss)/gain	**(169.83)**	**(120.70)**

Experience adjustments

Particulars	31st March, 2021	31st March, 2020	31st March, 2019	31st March, 2018	31st March, 2017
Defined benefit obligation	(1,009.55)	(831.86)	(604.52)	(465.62)	(384.45)
Fair value of plan assets	871.77	645.02	457.81	378.06	312.93
Asset/(liability) recognized in the balance sheet	(137.78)	(186.84)	(146.71)	(87.56)	(71.52)
Experience adjustments on plan liabilities (gain)/loss	26.23	35.66	29.92	21.88	(7.61)
Experience adjustments on plan assets gain/(loss)	(1.84)	6.37	(5.03)	(4.45)	(1.74)

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

Particulars	31st March, 2021	31st March, 2020
Opening defined benefit obligation	**831.86**	**604.52**
Transfer in/out	(21.76)	(12.45)
Interest cost	51.58	42.04
Current service cost	170.72	158.69
Benefits paid	(70.14)	(45.31)
Past service cost	-	-
Actuarial loss / (gain) from changes in financial assumptions	21.07	48.71
Actuarial loss / (gain) from experience over the past year	26.23	35.66
Closing defined benefit obligation	**1,009.56**	**831.86**

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

Particulars	31st March, 2021	31st March, 2020
Opening fair value of plan assets	645.02	457.81
Transfer in/Out	(10.62)	(10.21)
Expected return	46.88	38.45
Contributions by employer	262.47	197.91
Benefits paid	(70.13)	(45.31)
Actuarial gains / (losses)	(1.84)	6.37
Closing fair value of plan assets	**871.78**	**645.02**
Closing Liability (net) recognised in Balance Sheet (Refer note 23)	**137.78**	**186.84**
Expected contribution to fund to be made in the next year	200.00	200.00

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

Particulars	31st March, 2021	31st March, 2020
Discount rate	5.90%	6.20%
Salary growth rate	8.00%	8.00%
Attrition rate	15.00%	15.00%
Expected rate of return on assets	6.20%	7.10%

Percentage Break-down of total plan assets

Particulars	31st March, 2021	31st March, 2020
Investment funds with insurance company	99.99%	99.90%
Of which, Unit Linked	25.69%	32.10%
Of which, Traditional/ Non-Unit Linked	74.30%	67.80%
Cash and cash equivalents	0.01%	0.10%
Total	**100.00%**	**100.00%**

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	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase/(Decrease)]	(67.16)	76.63	(54.72)	62.38

	31st March, 2021		31st March, 2020	
Assumptions	Salary growth rate		Salary growth rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase/(Decrease)]	74.30	(66.52)	60.66	(54.33)

The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 5.5 years (2020: 6 years)

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 defined benefit plans expose the Company to a number of actuarial risks as below:

Investment Risks - The company's performance is directly affected by the over- or under-performance of the investment assets of the gratuity plan. Inadequate performance could, among others, increase the future employer contributions.

Interest Rate Risk - This is the risk associated with a rise or fall in the interest rate which could affect liability and asset values. The plan is exposed to the interest rate risk toward its liability and asset values.

Regulatory Risk - The gratuity plan is exposed to multiple regulatory risks e.g., increase in the statutory benefit definition for gratuity. Higher costs from regulatory oversight of organisation pensions or from compliance toward existing trust and funding-related obligations (e.g., minimum funding requirements) contribute to the regulatory risks.

Salary and earnings inflation Risk - The Salary growth rate assumption is the company's estimate of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. In a 'final salary' gratuity plan, the risk of higher earnings-inflation and merit-related salary growth could outweigh the assumptions employed for the valuation and increase the company's future defined benefit obligation.

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

	31st March, 2021	31st March, 2020
Discount rate	5.90%	6.20%
Attrition rate	15.00%	15.00%
Salary growth rate	8.00%	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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Note 39: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behavior as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31st March, 2021			31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	18,923.61	-	18,923.61	20,893.89	-	20,893.89
Bank Balance other than above	1,725.55	7.58	1,733.13	1,574.88	42.32	1,617.20
Derivative financial instruments	-	-	-	1,369.97	-	1,369.97
Loans	2,01,927.06	8,666.50	2,10,593.56	1,84,316.13	9,273.46	1,93,589.59
Investments	284.24	11,717.45	12,001.69	904.28	8,411.01	9,315.29
Other Financial assets	2,960.12	-	2,960.12	434.40	1,191.96	1,626.36
Non-financial assets						
Current tax assets (net)	95.31	-	95.31	-	797.56	797.56
Deferred tax assets (net)	-	960.80	960.80		624.70	624.70
Property, plant and equipment	-	2,782.19	2,782.19	-	3,176.94	3,176.94
Capital work-in-progress	-	56.99	56.99	-	28.49	28.49
Right of use asset	-	5,609.47	5,609.47	-	4,057.62	4,057.62
Other intangible assets	-	219.30	219.30	-	176.52	176.52
Other non-financial assets	558.40	45.27	603.67	-	595.34	595.34
Total assets	**2,26,474.29**	**30,065.55**	**2,56,539.84**	**2,09,493.55**	**28,375.92**	**2,37,869.47**
Liabilities						
Financial liabilities						
Derivative financial instruments	346.25	-	346.25	-	-	-
Payables	950.35	-	950.35	879.62	-	879.62
Debt securities	37,753.95	61,614.61	99,368.56	23,993.83	49,907.69	73,901.52
Borrowings (other than debt security)	54,142.58	22,843.96	76,986.54	78,297.77	24,322.26	1,02,620.03
Subordinated liabilities	42.27	5.83	48.10	38.04	32.34	70.38
Lease liability	634.45	5,303.85	5,938.30	758.79	3,580.24	4,339.03
Other financial liabilities	2,742.55	-	2,742.55	1,579.73	-	1,579.73
Non-financial liabilities						**0**
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	542.42	-	542.42	585.12	-	585.12
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	599.53	-	599.53	335.08	-	335.08
Total liabilities	**97,754.35**	**89,768.25**	**1,87,522.60**	**1,06,467.98**	**77,842.53**	**1,84,310.51**
Net	**1,28,719.94**	**(59,702.70)**	**69,017.24**	**1,03,025.57**	**(49,466.61)**	**53,558.96**

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 40: Change in liabilities arising from financing activities

Particulars	As at 31st March, 2020	Cash Flows	Ind AS Adjustments	As at 31st March, 2021
Debt securities	73,901.52	25,996.70	(529.66)	99,368.56
Borrowings other than debt securities	1,02,620.03	(25,532.14)	(101.35)	76,986.54
Subordinated liabilities	70.38	(22.18)	(0.10)	48.10
Total	**1,76,591.93**	**442.38**	**(631.11)**	**1,76,403.20**

Particulars	As at 31st March, 2019	Cash Flows	Ind AS Adjustments	As at 31st March, 2020
Debt securities	47,887.81	26,745.87	(732.16)	73,901.52
Borrowings other than debt securities	79,483.85	23,249.78	(113.60)	1,02,620.03
Subordinated liabilities	54.46	16.41	(0.49)	70.38
Total	**1,27,426.12**	**50,012.06**	**(846.25)**	**1,76,591.93**

Note 41: Contingent liabilities, commitments and leasing arrangements

Note 41 (i): 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 favorable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

Particulars	As at 31st March, 2021	As at 31st March, 2020
i) Income tax demand under appeal before the Commissioner of Income Tax (Appeals) for the Assessment Year 2015-16	307.20	456.51
ii) Income tax demand under regular assessment for the Assessment Year 2018-19	1.38	-
ii) Kerala Value Added Tax demands under appeal pending before the Deputy Commissioner for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	43.69	49.94
Total	**352.27**	**506.45**

b) The company has some labour cases pending against it in various courts and with labour commissioners of various states. The Company's liability for these cases are not disclosed since actual liability to be provided is unascertainable.

c) The Company has received order under section 263 of the Income Tax Act, 1961 ("the Act") dated 25th March 2021, wherein the PCIT has set aside the assessment of AY 2016-17 to do the assessment afresh by disallowing the amount of deduction claimed towards income considered under other heads from income from business after due verification. The company has preferred appeal before CIT(A) against the order.

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 41 (ii): Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances as on 31st March, 2021 is ₹ 188.60 million (31st March, 2020: ₹ 289.87 million).

(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 total expense of ₹ 2,700 million.

Note 41 (iii): Lease disclosures (entity as a lessee)

(a) Leases of Branch Premises

(i) Ind AS 116 "Leases" is applied to all lease contracts. The company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate of the company and the right of use (ROU) asset at measured at the amount of the initial measurement of the lease liability.

(ii) The following is the summary of practical expedients elected:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date. Discount rate has been taken as the Incremental Borrowing rate of borrowings with similar tenure.

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) The entity takes branch premises and computers on lease. Below are the changes made during the year in the carrying value of:

-Right-of-use assets

Particulars		Amount
Initial recognition on transition date i.e. 01st April ,2019		**2,110.91**
Recognition of deferred lease rentals as mentioned in (a)(ii) above.		65.45
Additions		2,694.09
Amortisation on ROU assets		(812.83)
Balance as at 31st March, 2020		**4,057.62**
Additions		2,392.88
Deletion		(8.10)
Amortisation on ROU assets		(832.93)
Balance as at 31st March, 2021		**5,609.47**

-Lease liabilities

Particulars		Amount
Balance as at 01st April 2019		**2,533.41**
Additions		2,670.68
Payment of lease liabilities		(1,191.01)
Finance cost accrued during the period		325.95
Balance as at 31st March, 2020		**4,339.03**
Additions		2,392.88

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Payment of lease liabilities		(1,269.21)
Finance cost accrued during the period		475.60
Balance as at 31st March, 2021		**5,938.30**

- Amounts recognised in profit and loss

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation expense on right-of-use assets	832.93	812.83
Interest expense on lease liabilities	475.60	325.95

The total cash outflow for leases amount to ₹ 1,269.21 million (for the period ended 31st March, 2020 ₹ 1,191.01 million)

Maturity analysis of Lease Liability

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	634.45	758.79
Later than one year but not later than four years	1,947.30	1,363.98
Later than four years	3,356.55	2,216.26
	5,938.30	**4,339.03**

The entity does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the entity's treasury function.

(b) Leases of 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:

Particulars	31st March, 2021	31st March, 2020
Total minimum lease payments at the year end	15.06	55.21
Less: amount representing finance charges	0.85	3.70
Present value of minimum lease payments	14.21	51.51
Lease payments for the year	36.46	30.51
Minimum lease Payments		
Less than one year [Present value as on 31st March, 2021: ₹ 14.21 million, Present value as on 31st March, 2020: ₹ 51.51 million)]	15.06	55.21
Later than one year but not later than five years [Present value on 31st March, 2021: ₹ Nil , as on 31st March, ,2020: ₹ Nil)]	-	-

(c) Lease of Short Period (Less than 12 months)

The leases of certain premises are less than 12 months and hence are considered as short term leases and are exempted from the scope of leases under Ind AS 116.

During the year, the Company charged off ₹ 84.02 million (Previous year: ₹ 74.25 million) as rent expenses on short term leases.

Note 42: Related Party Disclosures

Relationship	Name of the party
Subsidiary company	Manappuram Home Finance Limited
	Asirvad Micro Finance Limited
	Manappuram Insurance Brokers Limited
	Manappuram Comptech and Consultants Limited
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives.	
Manappuram Jewellers Limited	DT3 Advisory Pvt Ltd*
Manappuram Agro Farms Limited	Lions Coordination committee of India association
Manappuram Foundation	Finance Industry Development Council
Manappuram Health Care Limited	LICHFL Trustee Company Pvt Ltd*
Manappuram Construction and Consultants Limited	FINTECH Products and Solutions (India)Pvt Ltd*
Manappuram Chit Funds Company Private Limited *	FINSEC AA Solutions Pvt Ltd*
MABEN Nidhi Limited*	Apax Partners India Private Limited
Manappuram Asset Finance Limited	Mukundapuram Educational Society
Manappuram Chits (Karnataka) Private Limited *	Orange Retail Finance India Private Limited*
Manappuram Chits India Limited *	Manappuram Group Gratuity Trust(Approved under IT Act)
Adlux Medicity and Convention Centre Private Limited*	JSW Industrial Gases Pvt Ltd*
MAFIN Enterprise *	Veritas Finance Private Limited*
Manappuram travels	NETAFIM Agricultural Financing Agency Pvt ltd*
Manappuram Chits *	VISTAAR Financial services Pvt Ltd*
DTA Advisory Pvt Ltd*	SNST Advisories Pvt Ltd*
DTB Advisory Pvt Ltd*	Spandana Sphoorty Financial Limited
Key Management Personnel	Mr. V P Nandakumar - Managing Director & CEO
	Mr.Jagdish Capoor - Chairman
	Mr. B.N Raveendra Babu - Non Executive Director
	Mrs. Bindhu AL - Chief Financial Officer
	Mr. Manoj Kumar VR - Company Secretary
	Mr.P.Manomohanan-Director
	Adv.V.R.Ramachandran-Director
	Mr.V.R.Rajiven(cease to be Director from 19th Oct 2019)
	Mr.Gautam Ravi Narayan - Director
	Ms. Sutapa Banerjee-Director
	Abhijit Sen-Director
	Harshan Kollara-Director
	Shailesh J Mehta-director
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.Jyothi Prasannan (sister of Mr. V.P. Nandakumar)*
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)*
	Mr. Benny V.L (Husband of Mrs. Bindu A L)*
	Mrs Siji M.G (Wife of Mr Manoj Kumar V.R.)

* No transactions with these related parties

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(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Equity contribution	**-**	**50.00**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	-	50.00	-	-	-	-	-	-
Commission to directors	**-**	**-**	**-**	**-**	**105.00**	**53.13**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	75.00	35.00	-	-
Mr. Raveendra Babu	-	-	-	-	6.00	3.85	-	-
Mr.Abhijit Sen	-	-	-	-	3.80	1.91	-	-
Mr.Harshan Kollara	-	-	-	-	2.80	0.35	-	-
Mr.Jagdish Capoor	-	-	-	-	4.00	3.83	-	-
Mr.P Manomohanan	-	-	-	-	2.80	2.55	-	-
Mr.Shailesh J. Mehta	-	-	-	-	5.00	0.32	-	-
Mrs.Sutapa Banerjee	-	-	-	-	2.80	2.13	-	-
Mr.V R Rajiven	-	-	-	-	-	1.06	-	-
Mr.V.R. Ramachandran	-	-	-	-	2.80	2.13	-	-
Sitting Fee to directors:	**-**	**-**	**-**	**-**	**5.77**	**4.18**	**-**	**-**
Mr.Abhijit Sen	-	-	-	-	0.81	0.31	-	-
Mr.Harshan Kollara	-	-	-	-	0.53	0.04	-	-
Mr.Jagdish Capoor	-	-	-	-	0.70	0.87	-	-
Mr.P Manomohanan	-	-	-	-	1.24	0.93	-	-
Mr.Shailesh J. Mehta	-	-	-	-	0.55	0.04	-	-
Mrs.Sutapa Banerjee	-	-	-	-	0.81	0.92	-	-
Mr.V R Rajiven	-	-	-	-	-	0.27	-	-
Mr.V.R. Ramachandran	-	-	-	-	1.13	0.80	-	-
Remuneration to directors	**-**	**-**	**-**	**-**	**76.41**	**96.54**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	75.00	84.38	-	-
Mr. Raveendra Babu	-	-	-	-	1.41	12.16	-	-
Remuneration to other KMPs	**-**	**-**	**-**	**-**	**13.43**	**12.20**	**-**	**-**
Ms. Bindu A.L	-	-	-	-	10.32	9.17	-	-
Mr. Manoj Kumar V R	-	-	-	-	3.11	3.03	-	-
Remuneration paid to relative of KMP	**-**	**-**	**-**	**-**	**-**	**-**	**1.16**	**1.38**
Mr. Suhas Nandan	-	-	-	-	-	-	1.16	1.38
Travelling expense paid	**-**	**-**	**1.54**	**38.67**	**-**	**-**	**-**	**-**
Manappuram Travels	-	-	1.54	38.67	-	-	-	-
CSR Paid	**-**	**-**	**213.67**	**267.38**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	213.67	267.38	-	-	-	-

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Payment to	**-**	**-**	**261.76**	**206.61**	**-**	**-**	**-**	**-**
Lions Coordination committee of India Association	-	-	0.08	10.18	-	-	-	-
Manppuram Group Gratuity Trust (Approved under IT Act)	-	-	261.68	196.44	-	-	-	-
Rent paid	**-**	**-**	**5.34**	**4.15**	**-**	**-**	**0.15**	**0.13**
Mr. Suhas Nandan	-	-	-	-	-	-	0.15	0.13
Manappuram Agro Farms Limited	-	-	5.34	4.15	-	-	-	-
Reimbursement of rent and expenses	**-**	**-**	**1.90**	**3.80**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	1.90	3.80	-	-	-	-
Rent received	**3.54**	**2.23**	**5.09**	**9.14**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	-	-	0.38	0.43	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.09	0.08	-	-	-	-
Manappuram Insurance Brokers Limited	2.19	2.23	-	-	-	-	-	-
Manappuram Foundation	-	-	4.62	8.63	-	-	-	-
Manappuram Comptech and Consultants Ltd	1.33	-	-	-	-	-	-	-
Electricity charge received	**0.48**	**0.48**	**0.56**	**0.85**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	-	-	0.42	0.61	-	-	-	-
Manappuram Insurance Brokers Limited	0.48	0.48	-	-	-	-	-	-
Manappuram Foundation	-	-	0.07	0.16	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.07	0.08	-	-	-	-
Purchase of assets and others	**11.14**	**28.59**	**0.01**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	11.14	28.59	-	-	-	-	-	-
Manappuram Foundation	-	-	0.01	-	-	-	-	-
Subscription fee paid	**-**	**-**	**0.05**	**0.05**	**-**	**-**	**-**	**-**
Finance Industry Development Council	-	-	0.05	0.05	-	-	-	-
Advertisement expense	**-**	**-**	**0.03**	**0.10**	**-**	**-**	**-**	**-**
Finance Industry Development Council	-	-	0.03	0.10	-	-	-	-
Rent and other income received	**14.17**	**12.12**	**4.01**	**8.24**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	12.39	12.12	-	-	-	-	-	-
Manappuram Foundation	-	-	4.01	8.24	-	-	-	-
Manappuram Comptech and Consultants Ltd	0.15	-	-	-	-	-	-	-
Asirvad Micro Finance Limited	1.64	-	-	-	-	-	-	-

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(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Consultation charge paid	**0.16**	**1.90**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	0.16	1.90	-	-	-	-	-	-
Technical charges paid	**41.81**	**2.68**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	41.81	2.68	-	-	-	-	-	-
Other expenses paid	**0.13**	**-**	**2.51**	**-**	**-**	**-**	**-**	**-**
Manappuram Agro Farms Limited	-	-	0.92	-	-	-	-	-
Manappuram Comptech and Consultants Ltd	0.13	-	-	-	-	-	-	-
Manappuram Construction and Consultants Limited	-	-	1.21	-	-	-	-	-
Manappuram Health Care Limited	-	-	0.37	-	-	-	-	-
Construction expenses	**-**	**-**	**37.73**	**7.39**	**-**	**-**	**-**	**-**
Manappuram Construction and Consultants Limited	-	-	37.73	7.39	-	-	-	-
Monthly usage charges paid	**3.42**	**1.08**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Comptech and Consultants Ltd	3.42	1.08	-	-	-	-	-	-
Dividend Income received	**50.24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Insurance Brokers Limited	50.24	-	-	-	-	-	-	-
Interest income	**8.49**	**60.26**	**8.05**	**35.94**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	8.49	60.26	-	-	-	-	-	-
Manappuram Asset Finance Limited	-	-	3.39	2.66	-	-	-	-
Spandana Sphoorty Financial Limited	-	-	4.66	33.28	-	-	-	-
Interest expense	**13.41**	**0.07**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Micro Finance Limited	-	0.07	-	-	-	-	-	-
Manappuram Home Finance Limited	13.41	-	-	-	-	-	-	-
Loan taken from	**-**	**200.00**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Micro Finance Limited	-	200.00	-	-	-	-	-	-
Repayment of loan taken	**-**	**200.00**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Micro Finance Limited	-	200.00	-	-	-	-	-	-

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(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Principal repayment on account of assignment transactions	**17.24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	17.24	-	-	-	-	-	-	-
Corporate loan given to	**-**	**1,725.00**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	-	1,725.00	-	-	-	-	-	-
Repayment of corporate loan from	**290.00**	**1,735.00**	**125.00**	**250.00**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	290.00	1,735.00	-	-	-	-	-	-
Spandana Sphoorty Financial Limited	-	-	125.00	250.00				
Sale of loan assets through assignment transactions	**-**	**88.57**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	-	88.57	-	-	-	-	-	-
Investment in pass through certificates (PTC's)	**-**	**-**	**-**	**58.52**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	-	-	-	58.52	-	-	-	-
Sale of Assets							**0.55**	
Mrs. Sumitha Jayshankar	-	-	-	-	-	-	0.55	-
Balance outstanding as at the year end:	**8,622.12**	**8,410.64**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in subsidiary company	**8,622.12**	**8,410.64**	**-**	**-**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	**2,072.90**	**2,075.81**	**-**	**-**	**-**	**-**	**-**	**-**
Asirvad Micro Finance Limited	6,463.61	6,246.41	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	26.11	28.92	-	-	-	-	-	-
Manappuram Comptech and Consultants Limited	59.50	59.50	-	-	-	-	-	-
Security deposit	**1.03**	**1.03**	**0.39**	**0.42**	**-**	**-**	**-**	**-**
Manappuram Foundation	-	-	0.19	0.19	-	-	-	-
Manappuram Jewellers Limited	-	-	0.16	0.19	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.04	0.04	-	-	-	-
Manappuram Insurance Brokers Limited	1.03	1.03	-	-	-	-	-	-
		0						
Corporate loan outstanding	**-**	**290.00**	**-**	**125.00**	**-**	**-**	**-**	**-**
Manappuram Home Finance Limited	-	290.00	-	-	-	-	-	-
Spandana Sphoorty Financial Limited			-	125.00	-	-	-	-
Investment in pass through certificates (PTC's) outstanding	**-**	**-**	**14.38**	**38.23**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited		-	14.38	38.23	-	-	-	-
Amounts receivable (net) from related parties	**0.01**	**3.84**	**0.15**	**6.97**	**-**	**-**	**-**	**-**

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Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Manappuram Construction and Consultants Limited	-	-	-	6.82	-	-	-	-
Manappuram Home Finance Limited	0.01	2.79	-	-	-	-	-	-
Manappuram Insurance Brokers Limited	-	1.05	-	-	-	-	-	-
Manappuram Jewellers Limited	-	-	-	0.12	-	-	-	-
Manappuram Agro Farms Limited	-	-	-	0.03	-	-	-	-
Manappuram Asset Finance Limited	-	-	0.15	-	-	-	-	-
Amounts payable (net) to related parties	**11.47**	**21.45**	**1.21**	**4.00**	**81.00**	**24.91**	**-**	**-**
Mr. V.P.Nandakumar	-	-	-	-	75.00	22.44	-	-
Mr. Raveendra Babu	-	-	-	-	6.00	2.47	-	-
Manappuram Comptech and Consultants Limited	2.68	18.89	-	-	-	-	-	-
Manappuram Construction and Consultants Limited	6.79	-	-	3.54	-	-	-	-
Manappuram Insurance Brokers Limited	-	2.56	-	-	-	-	-	-
Manappuram Travels	-	-	0.88	0.46	-	-	-	-
Manappuram Home Finance Limited	2.00	-	-	-	-	-	-	-
Manappuram Agro Farms Limited	-	-	0.33	-	-	-	-	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Loans given to related parties are repayable on demand. These loans carry interest @ 11.15%

c) The loans have been utilised by the Manappuram Home Finance Limited for lending Home Loan and meeting the working capital requirements.

d) Manappuram Home Finance Limited has used the loan for meeting the working capital requirements.

e) 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.

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Note 43: Capital

Capital Management

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

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

The Company's debt equity ratio as on 31st March, 2021 stands at 2.56 times (3.30 times as at 31st March, 2020).

During the year ended 31st March,2021, the Company has paid the interim dividend of ₹ 1.25 per equity share for the year ended 31st March, 2021 amounting to ₹ 1,057.70 million (₹ 2.75 per equity share amounting to ₹ 2,321.75 million for the year ended 31st March, 2020.)

Regulatory capital

	31st March, 2021	31st March, 2020
Common Equity Tier1 (CET1) capital	65,700.53	43,900.65
Other Tier 2 capital instruments	659.14	684.78
Total capital	**66,359.67**	**44,585.43**
Amount of subordinated debt raised as Tier-II Capital	1.00	7.47
Amount raised by issue of Perpetual Debt Instrument	-	-
Risk weighted assets	**2,28,631.76**	**2,05,041.75**
CET1 capital ratio	28.74%	21.41%
CET2 capital ratio	0.29%	0.33%
Total capital ratio	**29.02%**	**21.74%**

Note 44: Fair Value measurement

44.1 Valuation principles

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

44.2 Valuation governance

The Company's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units . Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

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(All amounts are in millions, unless otherwise stated)

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44.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	31st March, 2021				31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis								
Derivative financial instruments	-	-	-	-	-	-	-	-
Cross Currency Swaps	-	92.78	-	92.78	-	592.87	-	592.87
Forward Rate Agreements	-	-	-	-	-	777.10	-	777.10
Total derivative financial instruments	**-**	**92.78**	**-**	**92.78**	**-**	**1,369.97**	**-**	**1,369.97**
Financial investments								
Investment in equity instruments	0.22	-	-	0.22	0.12	-	-	0.12
Total financial investments	**0.22**	**-**	**-**	**0.22**	**0.12**	**-**	**-**	**0.12**
Total assets measured at fair value on a recurring basis	**0.22**	**92.78**	**-**	**93.00**	**0.12**	**1,369.97**	**-**	**1,370.09**
Assets measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a recurring basis								
Derivative financial instruments								
Forward contracts	-	(439.03)	-	(439.03)	-	-	-	-
Total derivative financial instruments	**-**	**(439.03)**	**-**	**(439.03)**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a non-recurring basis	**-**	**(439.03)**	**-**	**(439.03)**	**-**	**-**	**-**	**-**

44.4 Valuation techniques

Equity instruments

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Company uses prices from prior transactions without adjustment to arrive at the fair value. Prior transaction represents the price at which same investment was sold in the deal transaction.

Cross Currency Swaps

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Interest rate derivatives

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

(All amounts are in millions, unless otherwise stated)

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Movements in Level 3 financial instruments measured at fair value

There are no Level 3 financial assets and liabilities which are recorded at fair value.

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

Particulars	Level	Carrying Value		Fair Value	
		31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Financial assets					
Cash and cash equivalents	2	18,923.61	20,893.89	18,923.61	20,893.89
Bank Balance other than above	2	1,733.13	1,617.20	1,733.13	1,617.20
Loans	3	2,10,593.56	1,93,589.59	2,10,593.56	1,93,589.59
Investments	3	8,932.15	9,315.29	8,932.15	9,315.29
Investments	1	3,069.54	-	2,999.59	-
Derivative financial instruments	2	-	1,369.97	-	1,369.97
Other financial assets	2	2,960.12	1,626.36	2,960.12	1,626.36
Total financial assets		**2,46,212.11**	**2,28,412.30**	**2,46,142.16**	**2,28,412.30**
Financial Liabilities					
Derivative financial instruments	2	346.25	-	346.25	-
Payables	2	950.35	879.62	950.35	879.62
Debt Securities	2	99,368.56	73,901.52	99,368.56	73,901.52
Borrowings (other than debt security)	2	76,986.54	1,02,620.03	76,986.54	1,02,620.03
Subordinated Liabilities	2	48.10	70.38	48.10	70.38
Lease Liability	2	5,938.30	4,339.03	5,938.30	4,339.03
Other Financial liabilities	2	2,742.55	1,579.73	2,742.55	1,579.73
Financial Liabilities		**1,86,380.65**	**1,83,390.31**	**1,86,380.65**	**1,83,390.31**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.

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Short-term financial assets and liabilities

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

Loans and advances to customers

Fair value of Loans estimated using a discounted cash flow model on contractual cash flows using actual/estimated yields.

Borrowings

The floating rate loans are fair valued on the basis of MCLR+spread. For fixed rate loans, the carrying values are a reasonable approximation of their fair value.

Note 45: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes Credit, Liquidity, Market and Operational Risks. Company's goal in risk management is to ensure that it understands measures and monitors the various risks that arise and the organization adheres strictly to the policies and procedures which are established to address these risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The Board of Directors of the company are responsible for the overall risk management approach, approving risk management strategies and principles. Risk Management Committee of the Board reviews credit, operations and market risks faced by MAFIL periodically. Company has appointed a Chief Credit Officer who reports to MD & CEO and presenting risk related matters to Risk Management Committee and the Board.

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

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

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. As the company predominantly lend against gold jewelry, which are liquid securities, its credit risks are comparatively lower. Its other verticals, Micro Finance, Vehicle Finance, Micro loans etc. have significant credit risk.

Appraisal Risk: The borrowers are awarded risk grades and only eligible borrowers are financed. Besides continuous training of employees through digital media, Credit officers are imparted on the job and class room training on a continuous basis. Credit appraisal processes are being reviewed regularly by Credit Monitoring teams and credit auditors and more risk filters are added whenever necessary.

Collection risk: As the gold ornaments are liquid, collection in gold portfolio attaches minimal risks. We have developed a team of trained Relationship Managers and sales staff for continuous engagement with the borrowers under verticals like Micro Finance, Vehicle Finance, Housing loans, Micro loans etc. to ensure timely payment of their dues. Collection efficiency of verticals are being monitored closely by the Senior Management.

Concentration risk: As on 31st March, 2021, our gold loan portfolio is 94% of the total AUM (Asset Under Management). Gold loans are granted against liquid securities for short period which substantially insulates from credit risk and liquidity risk. We have already diversified into Home Finance, Commercial Vehicles and budget to grow the new verticals so as to contain our exposure to gold to 50% of the total AUM in ten years.

Our geographical presence is largely in the southern India. We are now giving thrust for opening new branches in north and north eastern states which have high growth potentials. A geographical exposure limit will be fixed when operations of the new branches are stabilised.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks.
- Maintain an appropriate credit administration and loan review system.
- Establish metrics for portfolio monitoring.
- Minimize losses due to defaults or untimely payments by borrowers.
- Design appropriate credit risk mitigation techniques.

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

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

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

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

Exposure at Default (EAD)

The outstanding balance at the reporting date (adjusted for subsequent realisations in the case of Gold Loan), is considered as EAD by the Company.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past 6 years. For those pools where historical information is not available, the PD default rates as stated by external reporting agencies is considered.

Based on its review of macro-economic developments and economic outlook, the Company has assessed that there are certain adjustments on account of impact of COVID 19 are required in the form of temporary overlays (also Refer Note 7). Post management overlay, the PD percentages are mentioned below:

Pools	31st March, 2021			31st March, 2020		
	Stage I	Stage II*	Stage III	Stage I	Stage II	Stage III
1) Gold Loan - Normal risk**	12.08%	12.08%	100.00%	13.85%	13.85%	100.00%
2) Vehicle Loan						
CV	4.88%	8.64%	100%	2.68%	4.83%	100%
FE	1.19%	3.19%	100%			
CAR	4.44%	8.44%	100%			
TW	5.10%	5.10%	100%			
3) SME Loan	7.73%	27.23%	100.00%	6.36%	29.99%	100.00%

* Excluding restructured loans, where in Vehicle loan Stage II restructured loans for CV - 24.79% and CAR - 32.49% as at 31st March, 2021.

4) Onlending, Corporate Finance and Project and Industrial Finance Loan, external ratings or internal evaluation with a management overlay for each customer.

5) Personal Loans and other verticals, external ratings or internal evaluation with a management overlay for each customer industry segment.

** Excludes portfolio where PD has been considered at 100%

In case of Gold loans, incremental NPA is considered after taking into account auctions during the year since in such cases is auctioned and total dues are recovered even before the account turns NPA.

Loss Given Default

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, homogenous nature of the loans etc., the Company has assessed that significant recoveries happen in the year in which default has occurred. Recoveries from all the phases like normal collections, auction

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collections, repossession sale as well as expected realization from collateral are considered while computing the LGD rates for each loan portfolio. For different stages such as Stage 1, Stage 2 and Stage 3 portfolios, Company carried same LGD rate except in case of loss assets and unsecured loans in Stage 3 which is at 100%.

Portfolio	31st March, 2021	31st March, 2020
1) Gold Loan*	2.43%	1.76%
2) Vehicle Loan		
CV	46.39%	42.88%
FE	48.83%	
CAR	35.40%	
TW	40.40%	
3) SME Loan	25.05%	30%
4) Onlending	60%	60%
5) Corporate Finance	65%	65%
In all classified 'Loss Assets', LGD has been considered as 100%.		

*In case of Gold Loan, the Loan To Value (LTV), at the time of disbursement is 75% or above (As per the RBI norms) based on the schemes, subsequently if its falls below 75% (due to changes in gold prices), the remaining value of asset held by the company acts as a margin of safety, protecting the company against volatility in asset price. LTV is one of the factor for gradation of risk. Also it reflects in the fixing of interest rates of each type of loans/schemes. Normally fixing higher interest rate for loans having higher LTV% and vice versa.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. LGD rates for SME, corporate loans and other loans is considered based on proxy FIRB rates for secured loans.

In estimating LGD, the company reviews macro-economic developments taking place in the economy. Based on internal evaluation, company has provided a management overlay in LGD computed for Vehicle and SME portfolios.

The Company has applied management overlays to the ECL Model to consider the impact of the COVID-19 pandemic on the provision. The adjustment to the probability of default has been assessed considering the likelihood of increased credit risk and consequential default due to the pandemic. The impact on collateral values is also assessed for determination of adjustment to the loss given default and reasonable haircuts are applied wherever necessary. Days past due has been computed after excluding the moratorium as specified in various RBI circulars, for the aforesaid classification into Stage I, Stage II and Stage III loans.

As per the RBI guidelines, the ECL policy has been approved by Audit Committee and the Board. Whenever any change happened in the ECL Model, the amended policy will be approved by the Board. As part of the management overlays, as per the approved ECL policy, the management has adjusted the underlying PD as mentioned above and in case of corporate loan by downgrading the ratings to one level lower) and LGD as computed by ECL Model as mentioned above depending on the nature of the portfolio/ borrower, the management's estimate of the future stress and risk and available market information. Refer Note 7 to the financial statements.

Asset and Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Company's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Company's to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Company to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity

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buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and © the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Company.

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

Liquidity Risk

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

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

Maturity pattern of assets and liabilities as on 31st March, 2021

Particulars	0 to 7 days	8 to 14 days	Over 14 days to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Borrowings	516.99	1,125.00	6,562.62	251.29	26,195.72	9,433.58	10,055.56	17,603.78	4,212.86	-	75,957.39
Foreign Currency Term Loan	1.82	-	-	-	-	-	-	1,027.33	-	-	1,029.15
Debt Security	9.97	-	0.92	325.13	3,345.09	3,720.82	30,144.38	53,951.74	2,015.13	5,855.37	99,368.56
Subordinated Debts	2.53	0.10	4.24	3.55	0.64	6.29	24.92	5.83	-	-	48.10
Advances	6,717.23	8,428.84	19,651.80	40,362.58	44,451.38	58,525.12	23,790.11	7,460.95	922.92	282.64	2,10,593.56
Investments	(1.31)	-	26.92	55.80	47.78	69.02	84.73	80.32	3,016.10	8,622.34	12,001.69

Maturity pattern of assets and liabilities as on 31st March, 2020

Particulars	0 to 7 days	8 to 14 days	Over 14 days to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Borrowings	6,242.21	83.02	17,386.11	18,634.98	22,599.79	24,532.29	12,017.35	61.50			1,01,557.25
Foreign Currency Term Loan	1.82		-	-	-	-	-	1,060.96	-	-	1,062.78
Debt Security	-	-	-	9,977.09	9,224.00	405.79	3,371.09	48,636.05	1,659.20	628.30	73,901.52
Subordinated Debts	-	0.26	0.45	0.62	3.41	8.10	11.88	45.67	-	-	70.38
Advances	8,988.37	10,343.29	27,628.59	45,839.80	71,114.64	12,950.01	7,854.93	8,073.83	726.81	69.33	1,93,589.59
Investments			56.23	56.82	55.79	163.91	268.95	302.83	-	8,410.76	9,315.29

*Amount represents net balance after the adjustments on account of Indian Accounting Standards

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Market Risk

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

Foreign Exchange Risk (Forex Risk)

Forex risk is a risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the company. Any appreciation/depreciation of the base currency or the depreciation/appreciation of the denominated currency will affect the cash flows emanating from that transaction. Company has fully hedged the forex risk by derivative instruments.

Interest Rate Risk

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

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

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

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

Finance Cost	31st March, 2021	31st March, 2020
0.5% Increase	931.52	735.06

Price Risk

The Company's exposure to price risk is not material. The drop in gold prices is unlikely to have a significant impact on asset quality of the company since the disbursement LTV is below 75% and average portfolio LTV as on the reporting period was 62% to 65% only. However the sustained decrease in market price may cause for decrease in the size of our Gold Loan Portfolio and the interest income. Management monitors the gold prices and other loans on regular basis.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. Risk Management Committee comprising representatives of the Senior Management, reviews matters relating to operational and business risk, including corrective and remedial actions as regards people and processes.

Note 46 (a): Expenditure in foreign currency

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Expense in connection with US Dollar Bond issue	-	66.84
Surveillance and trustee fees	17.84	-
Travel	-	0.03
Software expenses	0.13	4.17
Membership and other fees	-	0.35
	17.97	**71.39**

Note 46(b): During the year, the Company paid ₹ 52.47 million on account of settlement to SEBI for certain matters in relation to Prevention of Insider Trading Regulations and allied laws against Company and its directors.

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 47: 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

Balance as at 31st March, 2021 : ₹ Nil (31st March, 2020: ₹ 290 million)

Maximum amount outstanding during the year ₹ 290 million (31st March, 2020: ₹ 1,250 million)

Loan given to companies in which directors are interested:

a) Spandana Sphoorty Financial Limited

Balance as at 31st March,, 2021: ₹ Nil (31st March, 2020: ₹ 125 million)

Maximum amount outstanding during the year ₹ 125 million (31st March, 2020: ₹ 375 million)

Note 48 (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 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Secured Loans						
A) Gold Loan						
Standard Asset	1,87,723.25	1,69,023.58	674.41	676.39	1,87,048.84	1,68,347.19
Sub Standard Asset	2,644.74	360.36	271.51	36.04	2,373.23	324.32
Doubtful Asset	307.37	220.06	103.65	71.00	203.72	149.06
Loss Asset	95.12	67.76	95.12	67.76	-	-
Total - A	**1,90,770.48**	**1,69,671.76**	**1,144.69**	**851.19**	**1,89,625.79**	**1,68,820.57**
B) Other Loans						
Standard Asset	12,392.40	17,394.03	94.32	94.84	12,298.08	17,299.19
Sub Standard Asset	133.62	575.21	16.33	60.33	117.29	514.88
Doubtful Asset	353.48	198.39	149.64	94.51	203.84	103.88
Loss Asset	306.71	247.44	306.71	247.44	-	-
Total - B	**13,186.21**	**18,415.07**	**567.00**	**497.12**	**12,619.21**	**17,917.95**
Total (A+B)	**2,03,956.69**	**1,88,086.83**	**1,711.69**	**1,348.31**	**2,02,245.00**	**1,86,738.52**
Unsecured Loans						
A) Other Loans						
Standard Asset	1,237.49	1,769.29	5.40	7.88	1,232.09	1,761.41
Sub Standard Asset	-	-	-	-	-	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	110.04	7.75	106.45	7.75	3.59	-
Total (C)	**1,347.53**	**1,777.04**	**111.85**	**15.63**	**1,235.68**	**1,761.41**
Total Loan (A+B+C)	**2,05,304.22**	**1,89,863.87**	**1,823.54**	**1,363.94**	**2,03,480.68**	**1,88,499.93**

* Principal outstanding

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 48 (b): Provision for diminution in value of investments

Particulars	31st March, 2021	31st March, 2020
Provision for diminution in value of investments - Refer Note 11	-	-

Note 49: Investments

Particulars	31st March, 2021	31st March, 2020
1) Value of investments		
i) Gross value of Investments		
(a) In India	12,003.00	9,320.34
(b) Outside India	-	-
ii) Provisions for depreciation		
(a) In India	1.31	5.05
(b) Outside India	-	-
ii) Net value of investments		
(a) In India	12,001.69	9,315.29
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	5.05	9.22
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	(3.74)	(4.17)
iv) Closing balance	1.31	5.05

Note 50 (a): Disclosures relating to securitisation

As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated on February 17, 2020 the details of securitisation are given below:

Particulars	31st March, 2021 Numbers /Amount	31st March, 2020 Numbers /Amount
(i) No of SPVs sponsored by the NBFC for securitisation transactions	-	1
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	-	307.07
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	-	36.96
(iv) Amount of exposures to securitisation transactions other than MRR as on the date of Balance Sheet	-	-

Particulars	31st March, 2021	31st March, 2020
Total number of loan assets securitized during the year	-	17,616

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Book value of loan assets securitized during the year	-	484.70
Sale consideration received during the year	-	426.53
Vehicle loans subordinated as credit enhancement on assets derecognised	-	58.16
Gain / (loss) on the securitization transaction recognised in P&L	-	-
Gain / (loss) on the securitization transactions deferred	-	-
Quantum of credit enhancement provided on the transactions in the form of deposits	33.93	33.93
Quantum of credit enhancement as at year end	33.93	33.93
Interest spread recognised in the Statement of Profit and Loss during the Year	-	14.25

Note 50 (b): Details of assignment transactions during the year

Particulars	31st March, 2021	31st March, 2020
(i) Number of Accounts	-	1,642
(ii) Aggregate value (net of provisions) of accounts sold	-	1,088.57
(iii) Aggregate consideration	-	1,088.57
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

Note 50 (c): Details of non-performing financial assets purchased / sold - Nil

Note 51: Off-Balance Sheet SPVs sponsored

Particulars	31st March, 2021	31st March, 2020
Name of the SPV Sponsored	-	Vivriti Minotaur 12 2019
Domestic	-	307.97
Overseas	-	Nil

Note 52: Exposure

Note 52 (a): Exposure to real estate sector

Category	31st March, 2021	31st March, 2020
Direct Exposure		
a) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	936.90	548.46
b) Commercial Real Estate		
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.	205.52	194.16
Particulars	**31st March, 2021**	**31st March, 2020**
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	**-**	**-**

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

i)Residential		
ii) Commercial Real Estate		
Indirect Exposure		
Exposure to Manappuram Home finance Limited (Wholly owned subsidiary)	2,072.67	2,365.81
Loan given to other Housing Finance Companies.	451.71	865.50
Total exposure to real estate sector	**3,666.81**	**3,973.93**

Note 52 (b): Exposure to Capital Market

	Particulars	31st March, 2021	31st March, 2020
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;	8,622.70	8,411.13
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii)	bridge loans to companies against expected equity flows / issues;	-	-
viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		**8,622.70**	**8,411.13**

Note 53: 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 54: Provisions and Contingencies

Particulars	31st March, 2021	31st March, 2020
Break-up of Provision and contingencies in statement of profit and loss		
Provision towards NPA	51.07	446.41
Provisions for depreciation on Investment	(3.74)	(4.17)
Provision made towards current tax	6,053.32	4,296.00
Provision for litigation	2.03	9.25
Provision for standard assets	599.06	54.37

Note 55: Draw down from Reserves

There are no drawdown reserves from statutory reserves during the year.

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

Note 56: Concentration of Advances, Exposures and NPAs

i) Concentration of Advances

Particulars	31st March, 2021	31st March, 2020
Total advances to twenty largest borrowers	3,158.98	5,683.50
Percentage of advances to twenty largest borrowers to total advances of the Company*	1.53%	2.97%

**Advances includes undrawn amount also*

ii) Concentration of Exposures

Particulars	31st March, 2021	31st March, 2020
Total exposure to twenty largest borrowers/customers	11902.17	14744.05
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	5.52%	7.24%

(iii) Top 10 Borrowings (Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019)

Particulars	31st March, 2021	31st March, 2020
Top 10 Borrowings as on reporting date	98,786.88	68,821.82
Percentage of Top 10 Borrowings to total borrowings of the Company as on the reporting date	56.00%	38.97%

(iv) Funding concentration based on significant counter party(Both deposits and borrowings) (Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019)

Serial No	No. of significant counter parties	As on 31st March, 2021	% of Total Deposits	% of Total Liabilities
-	-	-	-	-

(v) Top 20 Large Deposits (Guidelines on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies on November 04, 2019) - Not Applicable

(vi) Institutional set up for liquidity risk management (Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019)

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk. The Board approves the governance structure, policies, strategy and the risk tolerance limit for the management of liquidity risk. The Board of Directors approves the constitution of Risk Management Committee (RMC) for the effective supervision and management of various aspects including liquidity risks faced by the company. The meetings of RMC are held at quarterly interval The Board of Directors also approves constitution of Asset Liability Committee (ALCO), consisting of the Company's top management which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and tolerance limits approved by the Board. The role of the ALCO also includes periodic revision of interest rates, diversification of source of funding and its mix, maintenance of enough liquidity and investment of surplus funds. ALCO meetings are held once in a quarter or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/approval/ratification

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

(vii) Funding Concentration based on significant Instrument / Product (Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019)

Name of Instrument / Product	31st March, 2021	% Of Total Liabilities	31st March, 2020	% of Total Liabilities
Secured NCD	63,240.69	36.54%	30,428.61	17.38%
Borrowings from Banks & FI's	76,780.59	44.36%	1,02,363.70	58.47%
Subordinated Debt	32.22	0.02%	49.28	0.03%
CP	11,154.99	6.45%	19,379.01	11.07%
ECB - Senior Secured Notes	21,774.01	12.58%	22,699.50	12.97%
Other Loans	96.45	0.06%	140.80	0.08%
Total	**1,73,078.95**	**100.00%**	**1,75,060.90**	**100.00%**

(viii) Stock Ratios (Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019)

Stock Ratios	As at 31st March, 2021	As at 31st March, 2020
Commercial Paper as a % of Total Public Funds	6.47%	11.05%
Commercial Paper as a % of Total Liabilities	4.45%	8.20%
Commercial Paper as a % of Total Assets	4.45%	8.20%
Non Convertible Debentures(NCDs)(Original Maturity of Less than one year) as a % of Total Public Funds	-	-
Non Convertible Debentures(NCDs)(Original Maturity of Less than one year) as a % of Total Liabilities	-	-
Non Convertible Debentures(NCDs)(Original Maturity of Less than one year) as a % of Total Assets	-	-
Other Short Term Liabilities as a % of Total Public Funds	1.55%	0.89%
Other Short Term Liabilities as a % of Total Liabilities	1.07%	0.66%
Other Short Term Liabilities as a % of Total Assets	1.07%	0.66%
Total		

(ix) Exposure to top four NPA Accounts

Particulars	31st March, 2021	31st March, 2020
Total exposure to top four NPA accounts	129.89	97.57

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to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

(x) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that Sector	
	31st March, 2021	31st March, 2020
Agriculture & allied activities	-	-
MSME	0.73%	0.21%
Corporate borrowers	4.60%	-
Services	-	-
Unsecured personal loans	6.81%	0.68%
Auto loans	5.41%	7.41%
Other personal loans	1.67%	0.38%

(xi) Movement of NPAs

Particulars	31st March, 2021	31st March, 2020
I) Net NPAs to Net Advances (%)	1.43%	0.58%
II) Movement of NPAs (Gross)		
a) Opening balance	1,676.97	825.68
b) Addition during the year	3,563.32	1,853.72
c) Reduction during the year	1,289.21	1,002.43
d) Closing balance	3,951.08	1,676.97
III) Movement of NPAs (Net)		
a) Opening balance	1,092.15	481.30
b) Addition during the year	2688.01	1,447.46
c) Reduction during the year	1688.49	836.61
d) Closing balance	2901.67	1,092.15
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	584.82	344.38
b) Provision made during the year	875.30	406.26
c) Write-off/write-back of excess provisions	410.71	165.82
d) Closing balance	1,049.41	584.82

Note 57: Customer complaints

Particulars	31st March, 2021	31st March, 2020
No. of complaints pending at the beginning of the year	71	205
No. of complaints received during the year	3,272	4,324
No. of complaints redressed during the year	3,227	4,458
No. of complaints pending at the end of the year	116	71

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to Standalone Financial Statements for the Year ended 31st March, 2021

Note 58: Miscellaneous

i) Registration obtained from other financial sector regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. B-16.00029
b) Ministry of Corporate Affairs	Corporate Identification No. L65910KL1992PLC006623
c) Ministry of Finance (Financial Intelligence Unit - India (FIU-IND))	FIUREID : FINBF12754

ii) Disclosure of Penalties imposed by RBI and other regulators

a) Imposed by BSE and NSE during the year ended 31st March, 2021 is ₹ Nil and during the year ended 31st March, 2021 is ₹ 0.18 million.

b) Penalty amounted to ₹ 0.5 million have been imposed by RBI during the year ended 31st March, 2021 and no penalties during the year 31st March, 2020.

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

Credit rating Agency	Type of Facility	31st March, 2021		31st March, 2020	
		₹ In million	Rating	₹ In million	Rating
Brickwork	Non-Convertible debentures	10,030	BWR AA+ (Stable)	10,030	BWR AA+ (Stable)
	Bank Loan Facility	70,000	BWR AA+ (Stable)	70,000	BWR AA+ (Stable)
CRISIL	Bank Loan Facility	50,000	CRISIL AA/ Stable	50,000	CRISIL AA/ Stable
	Non-Convertible Debenture	47,151	CRISIL AA/ Stable	40,075	CRISIL AA/ Stable
	Principal Protected Market Linked Debenture	5,000	CRISIL PP - MLD AA r/Stable	NA	NA
	Commercial Paper	40,000	CRISIL A1+	40,000	CRISIL A1+
	PCG DA	1,000	CRISIL AA (SO) Equivalent	1,000	CRISIL AA (SO) Equivalent
ICRA	Non-Convertible Debentures	NA	NA	2,701	Withdrawn
	Pass through certificates	427 (Withdrawn)	Withdrawn	427	ICRA AAA(SO)
CARE	Bank Loan Facility Long Term	60,444	CARE AA/ Stable	60,874	CARE AA Stable
	Bank Loan Facility Short Term	29,556	CARE A1+	29,126	CARE A1+
	Non-Convertible Debentures	30,972	CARE AA/ Stable	21,500	CARE AA Stable
	Commercial Paper	40,000	CARE A1+	40,000	CARE A1+
S&P	Senior Secured Bond	21,288	B+/Stable	21,288	BB-/Stable
FITCH	Senior Secured Bond	21,288	BB-/Stable	21,288	BB-/Stable

Note 59: Derivatives disclosures as per RBI

As at 31st March, 2021, the Company has recognised a net Market to Market (MTM) Loss of ₹ 225.64 (31st March, 2020 ₹ 1,489.81 MTM Gain) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment on fixed rate foreign currency denominated bond and foreign currency term loan, repayment of fixed rate foreign currency denominated bond and loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds. Refer to Note no. 17 ' Derivative Financial Instruments'.

Notes

(All amounts are in millions, unless otherwise stated)

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Details of outstanding derivative contracts as at the year end.

Type of Derivatives	31st March, 2021		31st March, 2020	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward contracts entered into hedge the currency risk of future interest payments	5	16,67,00,000	7	17,65,50,000
Currency Swaps	4	16,41,00,000	4	16,41,00,000

Type of Derivatives	31st March, 2021		31st March, 2020	
	No of contracts	Value ₹ In million	No of contracts	Value ₹ In million
Forward contracts entered into hedge the currency risk of future interest payments	5	12,260.55	7	13,358.65
Currency Swaps	4	11,997.35	4	12,416.63

Disclosure required as per RBI requirements;

Forward rate agreement / Interest rate swap

Particulars	31st March, 2021	31st March, 2020
i) The notional principal of swap agreements	11,997.35	12,416.63
ii) The notional principal of forward rate agreements	12,260.55	13,358.66
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	2,780.00	2,780.00
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap agreements	92.78	592.87
vi) The fair value of the forward rate agreements	(439.03)	777.10

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	31st March, 2021		31st March, 2020	
	Swaps	Forward Agreements	Swaps	Forward Agreements
i) Derivatives (Notional principal amount)				
For Hedging	11,997.35	12,260.55	12,416.63	13,358.66
ii) Marked to Market Positions				
a) Asset (+)	213.39	-	709.89	779.93
b) Liability (-)	-	439.03	-	-
iii) Credit Exposure	-	-	-	-
iv) Unhedged Exposure	-	-	-	-

Notes

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to Standalone Financial Statements for the Year ended 31st March, 2021

Note 60: Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106/2019-20 dated 13th March, 2020

In accordance with the regulatory guidance on implementation of Ind AS issued by RBI on 13th March, 2020, the company has computed provisions as per Income Recognition Asset Classification and Provisioning (IRACP) norms issued by RBI solely for comparative purposes as specified therein. A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is given below:

As at 31st March, 2021

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss Allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,62,283.84	673.34	1,61,610.50	623.92	49.42
	Stage 2	39,069.30	579.20	38,490.10	150.21	428.99
Subtotal		**2,01,353.14**	**1,252.54**	**2,00,100.60**	**774.13**	**478.41**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,778.36	123.54	2,654.82	287.83	(164.29)
		-				
Doubtful up to 1 year	Stage 3	653.35	162.76	490.59	249.60	(86.84)
1 to 3 years	Stage 3	4.08	1.02	3.06	1.64	(0.62)
More than 3 years	Stage 3	3.42	0.86	2.56	2.05	(1.19)
Subtotal for doubtful		**660.85**	**164.64**	**496.21**	**253.29**	**(88.65)**
Loss	Stage 3	511.87	507.96	3.91	508.28	(0.32)
Subtotal for Loss		**511.87**	**507.96**	**3.91**	**508.28**	**(0.32)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,515.00	0.46	1,514.54	-	0.46
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**1,515.00**	**0.46**	**1,514.54**	**-**	**0.46**
Total	**Stage 1**	**1,63,798.84**	**673.80**	**1,63,125.04**	**623.92**	**49.88**
	Stage 2	**39,069.30**	**579.20**	**38,490.10**	**150.21**	**428.99**
	Stage 3	**3,951.08**	**796.14**	**3,154.94**	**1,049.40**	**(253.26)**
	Total	**2,06,819.22**	**2,049.14**	**2,04,770.08**	**1,823.53**	**225.61**

* Principal outstanding

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

As at 31st March, 2020

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss Allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,79,529.73	687.51	1,78,842.22	746.55	(59.04)
	Stage 2	8,278.03	95.73	8,182.30	32.57	63.16
Subtotal		**1,87,807.76**	**783.24**	**1,87,024.52**	**779.12**	**4.12**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,324.50	254.14	1,070.36	96.37	157.77
Doubtful up to 1 year	Stage 3	385.01	72.94	312.07	43.62	29.32
1 to 3 years	Stage 3	1.24	0.37	0.87	75.66	(75.29)
More than 3 years	Stage 3	31.05	9.31	21.73	46.22	(36.91)
Subtotal for doubtful		**417.30**	**82.62**	**334.67**	**165.50**	**(82.88)**
Loss	Stage 3	314.30	323.01	(8.70)	322.95	0.06
Subtotal for Loss		**314.30**	**323.01**	**(8.70)**	**322.95**	**0.06**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,280.00	1.72	1,278.28	-	1.72
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**1,280.00**	**1.72**	**1,278.28**	**-**	**1.72**
Total	**Stage 1**	**1,80,809.73**	**689.23**	**1,80,120.50**	**746.55**	**(57.32)**
	Stage 2	**8,278.03**	**95.73**	**8,182.30**	**32.57**	**63.16**
	Stage 3	**2,056.10**	**659.77**	**1,396.33**	**584.82**	**74.95**
	Total	**1,91,143.86**	**1,444.73**	**1,89,699.13**	**1,363.94**	**80.79**

* Principal outstanding

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note: 61 Liquidity Coverage Ratio (LCR) disclosures required under notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

LCR Disclosure for the Quarter ended 31st March, 2021

		31st March, 2021	
	Particulars	**Total Unweighted Value (average)**	**Total weighted Value (average)**
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	5,474.90	5,474.90
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	2.57	2.96
4	Secured wholesale funding	8,042.50	9,248.88
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	1,500.00	1,725.00
7	Other contingent funding obligations	2,086.50	2,399.48
8	**TOTAL CASH OUTFLOWS**	**11,631.57**	**13,376.32**
Cash Inflows			
9	Secured lending	50,192.81	37,644.61
10	Inflows from fully performing exposures	17,273.36	12,955.02
11	Other cash inflows	17,187.48	12,890.61
12	**TOTAL CASH INFLOWS**	**84,653.65**	**63,490.24**
		Total Adjusted Value	
13	**TOTAL HQLA**		**5,474.90**
14	**TOTAL NET CASH OUTFLOWS**		**3,344.08**
15	**LIQUIDITY COVERAGE RATIO (%)**		**163.72%**

LCR Disclosure for the Quarter ended 31st December, 2020

		31st December, 2020	
	Particulars	**Total Unweighted Value (average)**	**Total weighted Value (average)**
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)	4,621.10	4,621.10
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	2,001.85	2,302.12
4	Secured wholesale funding	12,446.50	14,313.48
5	Additional requirements, of which	-	-
(i)	*Outflows related to derivative exposures and other collateral requirements*	-	-
(ii)	*Outflows related to loss of funding on debt products*	-	-
(iii)	*Credit and liquidity facilities*	-	-

Notes

(All amounts are in millions, unless otherwise stated)

to Standalone Financial Statements for the Year ended 31st March, 2021

6	Other contractual funding obligations	1,500.00	1,725.00
7	Other contingent funding obligations	1,600.10	1,840.12
8	**TOTAL CASH OUTFLOWS**	**17,548.45**	**20,180.72**
Cash Inflows			
9	Secured lending	24,131.74	18,098.80
10	Inflows from fully performing exposures	94,338.27	70,753.70
11	Other cash inflows	14,694.75	11,021.06
12	**TOTAL CASH INFLOWS**	**1,33,164.75**	**99,873.57**
		Total Adjusted Value	
13	**TOTAL HQLA**		**4,621.10**
14	**TOTAL NET CASH OUTFLOWS**		**5,045.18**
15	**LIQUIDITY COVERAGE RATIO (%)**		**91.59%**

Note 62 (a): Additional disclosures as required by the Reserve Bank of India: Percentage of Loans granted against collateral of gold jewellery to total assets:

Particulars	31st March, 2021	31st March, 2020
Total gold loans granted against collateral of gold jewellery	1,97,931.68	1,74,578.15
Total assets	2,56,539.84	2,37,869.47
Gold loan portfolio as a percentage of total assets	77%	73%

Note 62 (b): Additional disclosures as required by the Reserve Bank of India:

Details of the Auctions conducted with respect to Gold Loan:

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest & other charges outstanding at the dates of auctions (B)	Total (A+B)	Value fetched *
31-Mar-20	48,026	1,161.54	214.87	1,376.41	1,505.62
31-Mar-21	74,553	4,122.48	685.96	4,808.44	4,464.11

Note: No sister concerns participated in the auctions during the year ended 31st March, 2021 and 31st March, 2020.

* Net of GST / Sales Tax Collected from the buyer.

Note 63: Frauds

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 ₹ 142.24 (31st March, 2020 ₹ 78.33) of which the Company has recovered Rs.17.23 million (31st March, 2020 ₹ 0.06 million). 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 ₹ 125 million (31st March, 2020 - ₹ 73.30 million) towards these losses based on its estimate.

Note 64: Under recovery of interest income

During the financial year 2020-21, the Company has disbursed some gold loans on which total amount receivable including principal and accumulated interest have exceeded the value of the underlying security and subsequently company has auctioned such loans. As at 31st March, 2021, the Company has not recognized interest income aggregating to ₹ 1,045.46 million and made provision for doubtful debts to the extent of ₹ 45.73 million relating to the said gold loans as a prudent measure.

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 65: Disclosures based on RBI notification dated April 17, 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

Particulars	Amounts
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	6.00
(ii) Respective amount where asset classification benefits is extended.	Nil
(iii) Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 (Refer Note below)	Nil
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	Not applicable

Note: The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 7 and 60.

Note 66: Details of resolution plan implemented under the resolution framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

Type of borrower	Number of accounts where resolution plan has been implemented under this window (A)	exposure to accounts mentioned at (A) before implementation of the plan (B)*	Of (B), aggregate amount of debt that was converted into other securities(C)	Additional funding sanctioned, if any, including between invocation of the plan and implementation (D)	Increase in provisions on account of the implementation of the resolution plan(E)
Personal Loans	1,407.00	877.76	-	-	96.68
Corporate Persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1,407.00**	**877.76**	**-**	**-**	**96.68**

* (Principal outstanding)

Note 67: 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
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

Annexure - 1

Schedule to the Balance Sheet of a NBFC

(All amounts are in millions, unless otherwise stated)

	Particulars		
	Liabilities side	**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :**		
(a)	Debentures : Secured	65,904.05	
	: Unsecured		
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits		
(c)	Term Loans	34,724.94	
(d)	Inter-corporate loans and borrowing	-	
(e)	Commercial Paper	11,420.43	
(f)	Public Deposits*	-	
(g)	Other Loans (specify nature)		
	Subordinate bond	48.10	
	Bank	42,164.32	
	USD Bond	22,044.08	
	Others	97.28	

* Please see Note 1 below

(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**	
(a)	In the form of Unsecured debentures	
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	
(c)	Other public deposits	0

* Please see Note 1 below

	Assets side	**Amount outstanding**
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
(a)	Secured	2,11,325.95
(b)	Unsecured	1,362.01

(4)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
(i)	Lease assets including lease rentals under sundry debtors :		
	(a)	Financial lease	
	(b)	Operating lease	
(ii)	Stock on hire including hire charges under sundry debtors :		
	(a)	Assets on hire	
	(b)	Repossessed Assets	
(iii)	Other loans counting towards AFC activities		
	(a)	Loans where assets have been repossessed	
	(b)	Loans other than (a) above	

Annexure - 1

Schedule to the Balance Sheet of a NBFC

(All amounts are in millions, unless otherwise stated)

(5) Break-up of Investments	
Current Investments	
1. Quoted	
(i) Shares	
(a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
2. Unquoted	
(i) Shares	
(a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
Long Term investments	
1. Quoted	
(i) Share	
(a) Equity	0.22
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
2. Unquoted	
(i) Shares	
(a) Equity	8,622.48
(b) Preference	
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	
(iv) Government Securities	3,069.32
(v) Others (please specify)PTC	310.97
(vi)	

Annexure - 1

(All amounts are in millions, unless otherwise stated)

Schedule to the Balance Sheet of a NBFC

(6) Borrower group-wise classification of assets financed as in (3) and (4) above :

Please see Note 2 below

	Category		Amount net of provisions		
	Secured	Unsecured	Total		
1.	**Related Parties ****				
	(a)	Subsidiaries	0		
	(b)	Companies in the same group			
	(c)	Other related parties			
2.	Other than related parties		2,11,325.95	1,362.01	2,12,687.96
Total					

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category			Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties **			
	(a)	Subsidiaries	8,622.48	8,622.48
	(b)	Companies in the same group		
	(c)	Other related parties		
2.	Other than related parties		3,380.51	3,379.20
Total				

** As per Accounting Standard of ICAI (Please see Note 3)

(8)	**Other information**			
	Particulars			**Amount**
	(i)	Gross Non-Performing Assets		
		(a)	Related parties	
		(b)	Other than related parties	3,951.08
	iii	Assets acquired in satisfaction of debt		

Notes :

1	As defind in point xix of paragraph 3 of chapter 2 of these Directions.
2	Provisioning norms shall be applicable as prescribed in these Direction
3	All ccounts standards and Guidance note issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt .However market value in respect of quoted investment and break up/share value/ NAV in respect of unqouted investment shall be disclosed irrespective of whether they are classified as long term or current in (5) above

Manappuram Finance Limited

Consolidated Ind-AS Financial Statements for the year ended 31st March, 2021

Independent Auditor's Report

To The Members of Manappuram Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Manappuram Finance Limited (the "Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 8 to the consolidated financial statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion and conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	Auditor's Response
1	Interest in Gold Loan is based on the various gold loan schemes launched by the Holding Company. The calculation of the interest on gold loan as per the applicable scheme involves complexities, including rebates in the nature of reduced prospective interest rates for prompt payment and penal interest for delayed payment. Due to such variety of schemes and involvement of complexity in calculating the interest income on gold loan we have considered this as Key Audit Matter.	Principle Audit Procedures: We assessed the Holding Company's process on interest income computation. Our audit approach consisted evaluating the design and implementation; testing of operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to interest income computation. • Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving inquiry and observation, inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation. • Obtained the list of modifications made in the interest scheme master during the year and test checked the same on sample basis. • Performed analytical procedures and test of details procedures for testing the accuracy of the revenue recorded.

Independent Auditor's Report

Sr. No	Key Audit Matter	Auditor's Response
2	Provision for Expected Credit Losses (ECL) on Loans Group estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the group. The most significant judgements are: Timely identification and classification of the impaired loans, and Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus: Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars; Accounting interpretations, modelling assumptions and data used to build and run the models; Measurement of individual borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios; Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID 19 Pandemic and The disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note 50 to the consolidated financial statements.	Principle Audit Procedures: We examined Group's Board Policies approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, individual/collective provisions and production of journal entries and disclosures. We tested the completeness of loans included in the Expected Credit Loss calculations as of 31 March 2021. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining Exposure at Default (EAD), PD and LGD. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

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

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report and Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Independent Auditor's Report

Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 5,825.59 crore as at 31 March 2021, total revenues of Rs. 1,077.18 crore and net cash outflows amounting to Rs. 552.27 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, we report, to the extent applicable that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

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

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

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

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

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAGC2044)

Place: Mumbai
Date: 26th May, 2021

Annexure "A" To The Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of Manappuram Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Independent Auditor's Report

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAGC2044)

Place: Mumbai
Date: 26th May, 2021

Consolidated Balance Sheet

(All amounts are in millions, unless otherwise stated)

for the Year ended as at 31st March, 2021

	Particulars	Note No:	As at 31st March, 2021	As at 31st March, 2020
	ASSETS			
1	**Financial assets**			
	Cash and cash equivalents	9	25,482.10	32,955.23
	Bank balance other than above	10	3,642.08	3,712.53
	Derivative financial instruments	20	-	1,369.97
	Trade receivables	11	25.69	24.77
	Loans	12	2,65,076.11	2,42,970.83
	Investments	13	3,380.11	904.83
	Other financial assets	14	3,630.02	2.630.24
2	**Non-financial assets**			
	Current tax assets (net)	15	203.81	961.62
	Deferred tax assets (net)	39	1,854.54	1,013.57
	Investment property	16	0.86	0.86
	Property, plant and equipment	17	2,866.50	3,272.20
	Capital work-in-progress		75.07	34.61
	Right of use asset		5,759.99	4,190.64
	Goodwill		355.65	355.65
	Other intangible assets	18	277.51	207.03
	Other non-financial assets	19	747.77	746.23
	Total assets		**3,13,377.81**	**2,95,350.81**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial liabilities**			
	Derivative financial instruments	20	359.78	-
	Payables			
	- Trade payables	21		
	(i) total outstanding dues of micro enterprises and small enterprises		0.31	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,241.72	1,088.94
	Debt securities	22	1,12,824.00	80,555.04
	Borrowings (other than debt securities)	23	1,12,142.13	1,43,946.26
	Deposits	24	0.70	0.10
	Subordinated liabilities	25	2,195.79	1,233.77
	Lease liability		6,005.32	4,486.54
	Other financial liabilities	26	3,384.78	1,932.27
2	**Non-financial liabilities**			
	Provisions	27	718.94	723.15
	Other non-financial liabilities	28	957.98	3,340.80
			2,39,831.45	2,37,306.87
3	**EQUITY**			
	Equity share capital	29	1,692.73	1,689.99
	Other equity	30	71,381.66	55,770.91
	Equity attributable to equity holders of the parent		**73,074.39**	**57,460.90**
	Non-controlling interest		471.97	583.04
	Total equity		**73,546.36**	**58,043.94**
	Total Liabilities and Equity		**3,13,377.81**	**2,95,350.81**

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

Consolidated Statement of Profit and Loss

(All amounts are in millions, unless otherwise stated)

for the Year ended as at 31st March, 2021

		Particulars	Note No:	For the year ended 31st March, 2021	For the year ended 31st March, 2020
		Revenue from operations			
	(i)	Interest income	31 (i)	61,895.46	52,804.83
	(ii)	Dividend income	31 (iv)	128.69	94.71
	(iii)	Fees and commission income	31 (ii)	178.94	307.70
	(iv)	Net gain on fair value changes	31 (iii)	714.90	1,259.10
	(v)	Other operating income	31 (v)	387.48	186.85
(I)		**Total Revenue from operations**		**63,305.47**	**54,653.19**
(II)		Other income	32	440.77	858.69
(III)		**Total income (I + II)**		**63,746.24**	**55,511.88**
		Expenses			
	(i)	Finance costs	33	22,189.47	18,322.26
	(ii)	Fees and commission expense	34	201.78	236.63
	(iii)	Impairment on financial instruments	35	4,400.81	2,376.15
	(iv)	Employee benefits expenses	36	8,429.05	8,301.32
	(v)	Depreciation and amortisation	37	1,709.46	1,641.77
	(vi)	Other expenses	38	3,655.27	4,560.77
(IV)		**Total expenses (IV)**		**40,585.84**	**35,438.90**
(V)		**Profit before tax (III- IV)**		**23,160.40**	**20,072.98**
(VI)		**Tax expense:**			
		(1) Current tax	39	6,790.42	5,344.65
		(2) Deferred tax	39	(788.23)	(74.84)
		(3) Current tax relating to earlier years		(91.36)	-
		Total tax expense		**5.910.83**	**5,269.81**
(VII)		**Profit for the year (V-VI)**		**17,249.57**	**14,803.17**
(VIII)		**Other comprehensive income / (loss)**			
	A)	(i) Items that will not be re classified to profit or loss - Actuarial gains / (losses) on post retirement benefit plans		(70.02)	(84.87)
		(ii) Income tax relating to items that will not be reclassified to profit or loss		17.63	20.82
		Subtotal (A)		**(52.39)**	**(64.05)**
	B)	(i) Items that will be reclassified to profit or loss			
		- Fair value changes on derivatives designated as cash flow hedges, net		(139.51)	5.41
		(ii) Income tax relating to items that will be reclassified to profit or loss		35.12	(1.36)
		Subtotal (B)		**(104.39)**	**4.05**
		Other comprehensive income / (loss)		**(156.78)**	**(60.00)**
(IX)		**Total comprehensive income (VII+VIII)**		**17,092.79**	**14,743.17**
		Profit for the year attributable to			
		Equity holders of the parent		17,242.61	14.677.57
		Non-controlling interest		6.96	125.60
		Other comprehensive income for the year, net of tax			
		Equity holders of the parent		(156.38)	(59.90)
		Non-controlling interest		(0.40)	(0.10)
		Total comprehensive income for the year, net of tax			
		Equity holders of the parent		17,086.23	14,617.67
		Non-controlling interest		6.56	125.50
(X)		**Earnings per equity share**	**40**		
		Basic (₹)		20.40	17.54
		Diluted (₹)		20.40	17.49

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

Consolidated Statement of changes in Equity

for the Year ended as at 31st March, 2021

(All amounts are in millions, unless otherwise stated)

a. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid	No in million	₹ in million
As at 01 April 2019	**842.80**	**1,685.62**
Issued during the year - ESOP	2.18	4.37
As at 31 March 2020	**844.98**	**1,689.99**
Issued during the year - ESOP	1.38	2.74
As at 31 March 2021	**846.36**	**1,692.73**

b. Other Equity

Particulars	Share application money pending allotment	Reserves and surplus										Other comprehensive income		Total
		Capital reserve	Statutory reserve u/s 45-IC of the RBI Act, 1934 and u/s 29C of NHB Act, 1987	Share option outstanding account	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve	Impairment reserve	Actuary gain / (loss)	Effective portion of cash flow hedges	
Balance as at 1st April 2019	31.79	**2.45**	9,189.89	276.18	50.00	13,793.54	1,115.33	3,627.02	15,729.38	(2.21)	0.00	(32.99)	0.00	43,780.38
Total Comprehensive Income for the year													**0.00**	
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(2,859.77)	0.00	0.00	0.00	0.00	(2,859.77)
Transfer to/from retained earnings	0.00	0.00	2,920.43	0.00	0.00	0.00		0.00	(2,920.43)	0.00	0.00	0.00	0.00	0.00
Other Additions/ Deductions during the year													**0.00**	**0.00**
Foreign exchange rate variations in hedging instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**(10.63)**	0.00	0.00	0.00	(10.63)
Shares allotted during the year	0.00	0.00	0.00	(9.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(9.36)
Utilised during the year	0.00	0.00	0.00	0.00	0.00	0.00	(1,115.33)		763.83	0.00	0.00	0.00	0.00	(351.50)
Share premium received during the year	291.36	0.00	0.00	0.00	0.00	186.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	477.60
Profit for the year (net of taxes)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,803.17	0.00	0.00	0.00	0.00	14,803.17
Other comprehensive income for the year (net of taxes)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(63.49)	4.05	(59.44)
Others	0.00	**0.46**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46
Balance as at 31st March, 2020	**323.15**	**2.91**	**12,110.32**	**266.82**	**50.00**	**13,979.78**	**0.00**	**3,627.02**	**25,516.18**	**(12.84)**	**0.00**	**(96.48)**	**4.05**	**55,770.91**
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1,057.71)	0.00	0.00	0.00	0.00	(1,057.71)
Transfer to/from retained earnings	0.00	0.00	3,461.01	(5.01)	0.00	0.00	0.00	0.00	(3,468.14)	0.00	12.14	0.00	0.00	0.00
Other Additions/ Deductions during the year														

Consolidated Statement of changes in Equity

for the Year ended as at 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Particulars	Share application money pending allotment	Reserves and surplus										Other comprehensive income		Total
		Capital reserve	Statutory reserve u/s 45-IC of the RBI Act, 1934 and u/s 29C of NHB Act, 1987	Share option outstanding account	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve	Impairment reserve	Actuary gain / (loss)	Effective portion of cash flow hedges	
Foreign exchange rate variations in hedging instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.42	0.00	0.00	0.00	3.42
Shares allotted during the year	0.00	0.00	0.00	(125.42)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(125.42)
Utilised during the year	(217.60)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(16.22)	0.00	0.00	0.00	0.00	(233.82)
Share premium received during the year	(105.53)	0.00	0.00	0.00	0.00	125.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.59
Profit for the year (net of taxes)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,249.54	0.00	0.00	0.00	0.00	17,249.54
Other comprehensive income for the year (net of taxes)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(52.39)	(104.39)	(156.78)
Loss on acquisition									(88.07)		0.00		0.00	(88.07)
Balance as at 31 March 2021	**0.02**	**2.91**	**15,571.33**	**136.39**	**50.00**	**14,104.90**	**0.00**	**3,627.02**	**38,135.58**	**(9.42)**	**12.14**	**(148.87)**	**(100.34)**	**71,381.66**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

Bindu A.L
Chief Financial Officer

Place: Valapad, Thrissur
Date: 26th May, 2021

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Manoj Kumar V.R
Company Secretary

Consolidated Cash flow statement

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A.	**Cash flow from operating activities**		
	Net profit before tax	23,160.40	20,072.98.
	Adjustments for:		
	Interest income on loans	(60,746.45)	(52,043.32)
	Depreciation and amortization expense	1,709.46	1,641.77
	Impairment on financial instruments	2,301.77	1,849.29
	Lease income on rent waiver	(118.05)	-
	Provision for litigation	2.04	9.24
	Provision for other assets	(7.48)	(7.67)
	Profit on sale of property, plant and equipment	(8.35)	(12.21)
	Dividend income	(128.69)	(94.71)
	Stock compensation expense	(125.42)	(9.36)
	Dividend received	50.24	50.24
	Finance costs	22,189.47	18,322.26
	Interest income from banks, investments and others	(1,149.01)	(725.46)
	Operational cash flows from interest		
	Interest received on loans	59,220.51	49,361.81
	Finance costs	(19,808.89)	(17,247.81)
	Operating profit before working capital changes	**26,541.55**	**21,167.06**
	Changes in working capital (Total)		
	Decrease / (increase) in non-financial assets	(34.32)	(128.42)
	Decrease / (increase) in loans	(24,410.79)	(55,646.73)
	Decrease / (increase) in other financial assets	526.16	909.35
	Decrease / (increase) in trade receivables	(0.92)	2.36
	Increase / (decrease) in deposits	0.60	(19.10)
	Increase / (decrease) in trade payables	153.09	439.81
	Increase / (decrease) in other financial liabilities	(345.15)	(766.01)
	Increase / (decrease) in provisions	(208.30)	16.17
	Increase / (decrease) in other non-financial liabilities	(2,382.82)	2,440.88
		(26,702.45)	**(52,751.71)**
	Cash generated from operations	**(160.90)**	**(31,584.65)**
	Net income tax (paid)	(6,032.61)	(4,612.22)
	Net cash flows from/(used in) operating activities (A)	**(6,193.51)**	**(36,196.87)**
B.	**Cash flow from investing activities**		
	Capital expenditure, including capital advances	(532.26)	(1,003.22)
	Acquisition of subsidiary	(217.92)	0.46
	Proceeds from sale of property, plant and equipment	8.80	38.98
	(Purchase) / Sale of investments	(2,471.54)	840.82

Consolidated Cash flow statement

for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Interest received	1,149.01	673.29
	Dividend received	128.69	94.71
	Bank balances not considered as cash and cash equivalents	70.45	(385.38)
	Net cash flows from/(used in) investing activities (B)	**(1,864.77)**	**259.66**
C.	**Cash flow from financing activities**		
	Debt securities issued (net)	32,270.35	23,405.51
	Borrowings (other than debt securities) issued (net)	(30,070.96)	40,444.72
	Subordinated liabilities issued (net)	962.02	16.79
	Proceeds from issue of equity shares	2.74	4.35
	Share premium on equity shares allotted	125.12	477.60
	Share application money received/(refunded)	(323.13)	-
	Dividend paid, including dividend distribution tax	(1,107.95)	(2,859.57)
	Payment of lease liabilities	(1,273.04)	(1,000.76)
	Net cash flow from/(used in) financing activities (C)	**585.15**	**60,488.64**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(7,473.13)**	**24,551.43**
	Cash and cash equivalents at the beginning of the year	**32,955.23**	**8,403.80**
	Cash and cash equivalents at the end of the year	**25,482.10**	**32,955.23**

Note: For disclosures relating to changes in liabilities arising from financing activities, refer note 45.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

G.K. Subramaniam
Partner
Membership No: 109839

Place: Mumbai
Date: 26th May, 2021

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

B. N. Raveendra Babu
Non Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: 26th May, 2021

Notes

to Standalone Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 1: Corporate information

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company' or 'the Parent Company') is a public limited company domiciled in India and incorporated on 15 July 1992 in Thrissur, Kerala. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a Non-Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company is a Systemically Important Non-Deposit taking NBFC (NBFC-ND). The Company is registered with the Reserve Bank of India (RBI).

The registration details are as follows: **Reserve Bank of India Registration no : B-16.00029 Corporate Identity Number (CIN) L65910KL1992PLC006623**

The Company is the ultimate parent company of the Manappuram Home Finance Limited (MHF), Asirvad Micro Finance Limited (Asirvad), Manappuram Insurance Brokers Limited (Maibro) and Manappuram Comptech and Consultants Limited (Macom). The Company along with the Subsidiaries is collectively referred to as the "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Maibro, a wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

Asirvad, was incorporated in the year 2007. Asirvad is a Micro Finance Company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934.

Macom, was incorporated in the year 2000. MACOM is involved in IT services like software publishing, consultancy and other services.

Note 2: Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND.

The consolidated financial statements are presented in Indian Rupees (INR) which is also the functional currency of the company and all values are rounded to the nearest millions, except when otherwise indicated.

Note 3: Presentation of financial statements:

The financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Company and/or its counterparties.

Note 4: Statement of compliance

These Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to in paragraph 2 "Basis of Preparation" above.

Note 5. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2021. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement with the other vote holders of the investee

Rights arising from other contractual arrangements.

The Group's voting rights and potential voting rights.

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The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Note 6: Significant accounting policies (Also refer note 2 above)

6.1 Financial Instruments

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets measured at amortised cost
2. Financial assets measured at fair value through other comprehensive income
3. Financial assets measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets. The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Group also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding. 'Principal' s defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

These Financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets. Financial Assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortised cost. These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

(iii) Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the profit and loss account unless An irrevocable election has been made by management to account for at fair value through other comprehensive income Such classification is determined on an instrument-by-instrument basis.

Contingent consideration recognised by the Group in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through profit and loss account, where amounts presented in other comprehensive income for equity instruments are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

(v) Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(vi) Derivatives

The Group enters into derivative transactions with various counterparties like interest rate and currency swaps and forwards. The Group undertakes derivative transactions to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts are generally banks.

a) Financial Assets or Liabilities at Fair Value through Profit and Loss

This category includes derivative financial assets/ liabilities which are not designated as hedges.

Although the Group believes that these derivative instruments constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivatives that is either not designated as a hedge, or is designated but is ineffective as per Ind AS 109, is categorised as a financial asset or liability, at fair value through profit and loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to

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initial recognition, these derivatives are measured at fair value through profit and loss and the resulting exchange gain or loss are included in the other income/ expenses.

b) **Cash flow Hedge:**

The Group designates certain foreign exchange forwards and swaps contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on certain balance sheet liabilities. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of derivative instruments is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivatives is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in the cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve till the period the transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related transaction.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs. The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

(ix) Impairment of financial assets

The Group recognises impairment allowance for expected credit loss on financial assets held at amortised cost.

The Group recognises loss allowances (provisions) for expected credit losses on its financial assets (including undisbursed sanctioned amounts) that are measured at amortised costs or at fair value through other comprehensive income account. The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Credit impaired

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

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

The loss allowances for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the allowances in the profit and loss statement. The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group has grouped its various financial assets in to pools containing loans bearing homogeneous risks characteristics. The probability of default for the pools are computed based on the historical trends, adjusted for any forward looking factors. Similarly the Group computes the Loss Given Default based on the recovery rates.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date the Group does not have any debt instruments measured at fair value through OCI.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, , etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

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(x) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(xi) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

6.2. Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets measured through amortised cost method.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

(iii) Fees & Commission Income

Fees and commissions other than those which forms part of EIR are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation."

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrue.

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss , held by the Group on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL presented separately under the respective head in the Statement of Profit and Loss.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

6.3. Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

.Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Group are entitled to receive benefits under the Provident Fund and Employees

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State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually. The group fully contributes all ascertained liabilities to LIC without routing it through Trust bank account. Trustees administer, contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

The group has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised in employee benefits expenses/investment in subsidiary together with a corresponding increase in employee stock option outstanding account in other equity is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

(iii) Other income and expenses

All Other income and expense are recognized in the period

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they occur.

(iv) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(v) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

6.4 Foreign currency translation

(i) Functional and presentational currency

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

(ii) Transactions and balances

Initial recognition:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

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6.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the Straight Line Method (SLM) to write down the cost of property and equipment to their residual values over their estimated useful lives and Asirvad Micro Finance Limited is following WDV method. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life of assets
Computer equipment	
- End User equipment	3 years
- Server*	3-6 years
Furniture & Fixture	
- Safe and strong rooms	10 years
- Others*	3-10 years
Office Equipment*	3-10 years
Buildings	30 years
Vehicles	8 years
Plant & Machinery	15 years

*The Group has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / up to the date of acquisition/sale. Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 6 years, unless it has a shorter useful life. The Group's intangible assets consist of computer software with definite life. Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.\

6.10 Contingent Assets and Liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize or disclose contingent asset in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

6.11 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors (BOD) of the Holding Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD of Holding Company, which has been identified as being the chief operating decision maker. The CODM has identified two reportable segments 1. Gold Loan and others, 2. Microfinance.

6.13 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the

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availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

6.14 Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises of the,

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group and
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill. If the consideration is lower, the gain is recognised directly in equity as capital reserve. In case, business acquisition is classified as bargain purchase, the aforementioned gain is recognised in the other comprehensive income and accumulated in equity as capital reserve. The Group recognises any noncontrolling interest in the acquired entity at fair value. Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, with adjustments only to harmonise accounting policies. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate. If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the grouping disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

7.1 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.2 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its ECL models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6.1(ix) Overview of ECL principles.

7.3 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

8 Impact of Covid-19

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The Group's financial statements, includes the potential impact of the COVID-19 pandemic which are dependent on future developments, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Group and its subsequent impact on the recoverability of the Group's assets.

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Further, the Group has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Group's management has considered all available internal and external information up to the date of approval of these financial statements. Accordingly, the Group has made prudential estimate of provision for expected credit loss on financial assets as at March 31, 2021. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will further impact the Group's financial statements will depend on developments, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Accordingly, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. The Group will continue to closely monitor any material changes to future economic conditions.

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Note 9: Cash and cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	2,385.33	1,189.70
Balances with banks - in current and overdraft accounts	9,708.73	7,841.11
On Cash Credit	-	17.35
Foreign currency balances	1.18	1.71
Bank deposit with maturity of less than 3 months	13,386.85	23,905.36
	25,482.10	**32,955.23**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note 10: Bank balance other than above

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits with original maturity for more than 3 months but less than 12 months*	3,175.86	3,212.50
On Escrow accounts		
Unpaid NCD trustee account	7.33	17.10
Unpaid auction surplus deposit	426.92	441.40
Unpaid dividend account	31.97	41.53
	3,642.08	**3,712.53**

* Includes:

a) Cash collateral deposits aggregating to ₹ 2,348.63 (31st March, 2020: ₹ 1,973.19) towards bank facilities. The cash collateral deposits are provided as an additional security to the banks for extending approved bank facilities.

b) Deposits amounting to ₹ 514.90 (As at 31st March, 2020: ₹ 992.47) placed as credit enhancement (cash collateral) on account of securitization.

Note 11: Receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables		
Receivable considered good - Secured	25.69	24.77
Receivables - credit impaired	-	0.42
	25.69	25.19
Provision for impairment for:		
Receivables - credit impaired	-	(0.42)
	-	(0.42)
	25.69	**24.77**

No trade receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

Reconciliation of impairment allowance on trade receivables:	**Amount**
Impairment allowance measured as per simplified approach	
Impairment allowance as on 1st April, 2019	**0.41**
Add/ (less): asset originated or acquired	0.01
Impairment allowance as per 31st March, 2020	**0.42**
Add/ (less): asset originated or acquired	(0.42)
Impairment allowance as per 31st March, 2021	**-**

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Note 12: Loans (valued at amortised cost)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Amortised cost	Total	Amortised cost	Total
LOANS				
(A)				
i) Term loans				
- Gold loan	1,97,931.68	1,97,931.68	1,74,578.15	1,74,578.15
- Commercial vehicle loan	10,291.99	10,291.99	12,412.72	12,412.72
- Mortgage/Property LOAN	331.49	331.49	275.05	275.05
- Onlending	1,830.90	1,830.90	5,545.51	5,545.51
- Corporate finance	15.52	15.52	258.15	258.15
ii) Home loan	4,807.77	4,807.77	4,549.09	4,549.09
iii) Other loan	1,926.88	1,926.88	1,799.79	1,799.79
- Microfinance loan	50,930.31	50,930.31	45,283.76	45,283.76
- Business loan	4,36.09	436.09	-	-
- Others	2,294.05	2,294.05	1,683.67	1683.67
Total (A) - Gross	**2,70,796.68**	**2,70,796.68**	**2,46,385.89**	**2,46,385.89**
Less: Impairment loss allowance	5,720.57	5,720.57	3,415.06	3,415.06
Total (A) - Net	**2,65,076.11**	**2,65,076.11**	**2,42,970.83**	**2,42,970.83**
(B)				
i) Secured by tangible assets	2,18,504.36	21,8,504.36	2,27,648.05	2,27,648.05
ii) Unsecured	52,292.32	52,292.32	18,737.84	18,737.84
Total (B)-Gross	**2,70,796.68**	**2,70,796.68**	**2,46,385.89**	**2,46,385.89**
Less : Impairment loss allowance	5,720.57	5,720.57	3,415.06	3,415.06
Total (B)-Net	**2,65,076.11**	**2,65,076.11**	**2,42,970.83**	**2,42,970.83**
(C)				
(I) Loans In India				
i) Public Sector	-	-	-	-
ii) Others	2,70,796.68	2,70,796.68	2,46,385.89	2,46,385.89
Total (C) - Gross	**2,70,796.68**	**2,70,796.68**	**2,46,385.89**	**2,46,385.88**
Less : Impairment loss allowance	5,720.57	5,720.57	3,415.06	3,415.06
Total (C) - Net	**2,65,076.11**	**2,65,076.11**	**2,42,970.83**	**2,42,970.83**

Note: There are no loans valued at fair value.

Summary of ECL provisions

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
i) Gold loan	456.93	412.69	212.73	1,082.35	472.95	62.63	85.83	621.41
ii) Commercial Vehicle loan (CVD)	151.81	153.45	328.48	633.74	130.00	31.46	485.78	647.24
iii) Mortgage/Property loan	3.74	1.87	102.18	107.79	4.47	1.34	80.37	86.18
iv) Onlending	10.41	-	58.61	69.02	44.16	-	-	44.16
v) Corporate Finance	-	-	15.52	15.52	1.44	-	-	1.44
vi) Micro Finance	960.05	1,547.57	906.87	3,414.49	986.03	3.99	861.01	1,851.03
vii) Home Finance	26.58	48.71	81.79	157.08	25.54	12.33	51.80	89.67
viii) Others	60.98	29.08	150.52	240.58	45.44	4.87	23.62	73.93
Total closing ECL provision	**1,670.50**	**2,193.37**	**1,856.70**	**5,720.57**	**1,710.03**	**116.62**	**1,588.41**	**3,415.06**

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Note 13: Investments

Particulars	Amortised cost	At Fair value through profit or loss	Total
As at 31st March, 2021			
i) Debt Instruments (unquoted)			
Investment in Pass through certificates (PTC's)	310.97	-	310.97
ii) Investment in Government securities (Quoted)			
1,500,000, Units of face value ₹ 100/- each in 5.22% GOI 2025	1,533.30	-	1,533.30
1,500,000, Units of face value ₹ 100/- each in 5.15% GOI 2025	1,536.02	-	1,536.02
iii) Equity instruments in others (Unquoted)			
1,000 Equity shares of ₹ 10/- each fully paid in CSB Bank Ltd.	-	1.08	1.08
iv) Investment in Government Securities (Unquoted)			
50,000 securities of ₹ 10/- each paid in National Savings Certificate	0.05	-	0.05
Total Gross (A)	**3,380.34**	**1.08**	**3,381.42**
i) Investments outside India	-	-	-
ii) Investments in India	3,380.34	1.08	3,381.42
Total Gross (B)	**3,380.34**	**1.08**	**3,381.42**
Less : Allowance for impairment loss	1.31	-	1.31
Total - Net (D) = (A) -(C)	**3.379.03**	**1.08**	**3,380.11**
As at 31st March, 2020			
i) Debt Instruments (unquoted)			
Investment in Pass through certificates (PTC's)	909.21	-	909.21
ii) Equity instruments in others (Unquoted)		0.62	0.62
1,000 Equity shares of ₹ 10/- each fully paid in CSB Bank Ltd.			
iii) Investment in Government Securities (Unquoted)			
50,000 securities of ₹ 10/- each paid in National Savings Certificate	0.05	-	0.05
Total Gross (A)	**909.26**	**0.62**	**909.88**
i) Investments outside India	-	-	-
ii) Investments in India	909.26	0.62	909.88
Total Gross (B)	**909.26**	**0.62**	**909.88**
Less : Allowance for impairment loss	5.05	-	5.05
Total - Net (D) = (A) -(C)	**904.21**	**0.62**	**904.83**

Investment designated at FVTPL is a portfolio of equity instruments. Equity instruments have been classified at Fair value through profit and loss since cash flows from equity instruments does not represent solely payment of principal and interest.

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Debt instruments measured at amortised cost

Credit quality of assets

Internal grade rating	31st March, 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	310.97	-	-	310.97	909.21	-	-	909.21
Standard grade	-	-	-	-	-	-	-	-
Total	**310.97**	**-**	**-**	**310.97**	**909.21**	**-**	**-**	**909.21**

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

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	**909.21**	**-**	**-**	**909.21**	**1,746.24**	**-**	**-**	**1,746.24**
New assets purchased	-	-	-	-	52.75	-	-	52.75
Assets derecognised or matured	(599.59)	-	-	(599.59)	(893.81)	-	-	(893.81)
Interest accrued on investments	1.35	-	-	1.35	4.03	-	-	4.03
Closing balance	**310.97**	**-**	**-**	**310.97**	**909.21**	**-**	**-**	**909.21**

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of ECL	5.05	-	-	5.05	9.22	-	-	9.22
ECL on new assets purchased	-	-	-	-	0.25	-	-	0.25
ECL on derecognised or matured assets / others	(3.74)	-	-	(3.74)	(4.42)	-	-	(4.42)
Closing balance in ECL	**1.31**	**-**	**-**	**1.31**	**5.05**	**-**	**-**	**5.05**

Note 14: Other financial assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Security deposits*	1,041.23	1,065.42
Commission receivable	1.64	3.64
Deferred lease rental	0.42	0
Funds-in-transit	434.22	111.63
Gold investment	179.95	187.43
Asset held for sale	4.42	38.28
Others**	1,968.14	1,223.84
Total	**3,630.02**	**2,630.24**

* Employee security deposits aggregating to ₹457.59 million (31st March, 2020: ₹ 448.67 million). Deposits aggregating to ₹ 43.33 million (31st March, 2020 ₹ 35.21 million) towards security deposit to various authorities.

** Includes ex-gratia receivable from State Bank of India amounting to ₹ 21.67 million (31st March, 2020: Nil). Auction receivable ₹ 99.86 million (31st March, 2020: Nil)

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Note 15: Current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax and tax deducted at source (net of Provisions for taxation)	203.81	961.62
Total	**203.81**	**961.62**

Note 16: Investment property

Particulars	Amount
Cost:	
At 1st April, 2019	**0.86**
Additions	-
Disposals	-
At 31st March, 2020	**0.86**
Additions	-
Disposals	-
At 31st March, 2021	**0.86**
Depreciation and impairment:	
At 1st April, 2019	**-**
Disposals	-
Depreciation charge for the period	-
At 31st March, 2020	**-**
Disposals	-
Depreciation charge for the period	-
At 31st March, 2021	**-**
Net book value:	
At 1st April, 2019	**0.86**
At 31st March, 2020	**0.86**
At 31st March, 2021	**0.86**

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(All amounts are in millions, unless otherwise stated)

Note 17: Property, plant and equipment

Particulars	Land-Freehold	Buildings	Office equipment	Electrical installation	Computer equipment**	Furniture and fixtures	Vehicles	Plant and equipment	Total
Cost:									
At 01st April, 2019	**185.64**	**1,291.08**	**258.18**	**121.12**	**796.49**	**1,648.94**	**64.94**	**37.51**	**4,403.90**
Additions	89.93	26.52	71.50	23.58	205.33	505.64	3.56	6.19	932.25
Disposals	-	-	9.22	2.29	206.03	65.29	5.56	-	288.39
At 31st March, 2020	**275.57**	**1,317.60**	**320.46**	**142.41**	**795.79**	**2,089.29**	**62.94**	**43.70**	**5,047.76**
Additions	60.11	2.53	24.96	10.45	143.95	111.87	8.06	1.52	363.45
Disposals	0	0	8.85	6.09	81.28	17.38	7.40	-	121.00
At 31st March, 2021	**335.68**	**1,320.13**	**336.57**	**146.77**	**858.46**	**2,183.78**	**63.60**	**45.22**	**5,290.21**
Accumulated depreciation:									
At 01st April, 2019	**-**	**59.56**	**148.56**	**53.70**	**434.9**	**548.67**	**23.21**	**10.57**	**1,279.17**
Depreciation charge for the year	-	51.29	72.09	33.16	242.73	345.86	8.44	3.61	757.18
Disposals	-	-	2.63	2.28	205.97	45.02	4.89	-	260.79
At 31st March, 2020	**-**	**110.85**	**218.02**	**84.58**	**471.66**	**849.51**	**26.76**	**14.18**	**1,775.56**
Depreciation charge for the year	-	56.71	75.89	36.44	248.86	336.79	7.89	4.57	767.15
Disposals	-	-	8.77	6.14	79.43	17.26	7.40	-	119.00
At 31st March, 2021	**-**	**167.56**	**285.14**	**114.88**	**641.09**	**1,169.04**	**27.25**	**18.75**	**2,423.71**
Carrying Amount									
At 31st March, 2020	**275.57**	**1,206.75**	**102.44**	**57.83**	**324.13**	**1,239.78**	**36.18**	**29.52**	**3,272.20**
At 31st March, 2021	**335.68**	**1,152.57**	**51.43**	**31.89**	**217.37**	**1,014.74**	**36.35**	**26.47**	**2,866.50**

*Details of building pledged against borrowings is presented in note 23

**Includes Computers taken on finance lease - Gross block ₹ 218.72 million as at 31st March, 2021 (31st March, 2020: ₹218.72 million). Depreciation for the year ₹ 32.83 million (31st March, 2020: ₹ 46.35 million), Accumulated depreciation ₹ 216.70 million as at 31st March, 2021 (31st March, 2020: ₹ 183.87 million), Net block ₹ 2.02 million as at 31st March, 2021 (31st March, 2020: ₹ 34.85 million)

Note 18: Other intangible assets

Particulars	Computer software
Cost:	
At 1st April, 2019	**250.05**
Additions	67.95
Disposals	-
At 31st March, 2020	**318.00**
Additions	160.55
Disposals	-
At 31st March, 2021	**478.55**
Accumulated amortization	
At 1st April, 2019	**65.39**
Charge for the year	45.58
Disposals	-
At 31st March, 2020	110.97
Charge for the year	93.15
Disposals	3.07
At 31st March, 2021	**201.05**
Net book value	
At 31st March, 2020	**207.03**
At 31st March, 2021	**277.50**

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(All amounts are in millions, unless otherwise stated)

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Note 19: Other non-financial assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Prepaid expenses	269.08	11.14
Balance with government authorities	4.86	6.10
Capital advances	45.27	12.49
Deferred lease rentals	-	0.62
Others	428.56	715.88
	747.77	**746.23**

Note 20: Derivative financial instruments

The Group enters into derivatives for risk management purposes in relation to the risk of changes in foreign exchange rates on foreign currency exposures. Derivatives held by the Group for the purpose of risk management includes both hedges that meet the hedge accounting requirements or hedges that are only economic hedges and valued at fair value through profit and loss. These derivatives are valued at fair value which are quoted prices for similar assets and liabilities in active markets or inputs that are directly/ indirectly observable in the market place.

The below table shows the details of the derivative instruments held by the Group:

Particulars	Amount as at	
	31st March, 2021	31st March, 2020
A) Derivatives designated as cash flow hedges:		
Forward contracts	(439.03)	(777.10)
Cross currency interest rate swaps	38.95	(519.96)
Sub total (A)	**(400.08)**	**(1,297.06)**
B) Other derivatives		
Cross currency interest rate swaps	40.30	(72.91)
Sub total (B)	**40.30**	**(72.91)**
Total derivative financial instruments (A) +B)) - disclosed under financial assets		**(1,369.97)**
Total derivative financial instruments (A) +B)) - disclosed under financial liabilities	**(359.78)**	

Note 20.1 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Company's risk management strategy and how it is applied to manage risk are explained in Note 50.

Note 20.2 Derivatives designated as hedging instruments

The Holding Company is exposed to foreign currency risk arising from its fixed rate foreign currency denominated bond amounting to USD 300 million. Interest on the borrowing is payable at 5.9% p.a. at half yearly intervals, and the principal amount is repayable in January 2023. The Holding Company economically hedged the foreign currency risk arising from the bond with forward rate agreement and cross currency interest rate swaps of equivalent amount. The cross currency interest rate swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 300 million to cash outflows in Indian Rupees with a notional amount of ₹ 21,288 Million.

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(All amounts are in millions, unless otherwise stated)

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward currency contract match that of the foreign currency borrowing (notional amount, principal repayment date etc.). The Holding Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward currency contract are identical to the hedged risk components. For the purpose of calculating hedge effectiveness, the Group uses a qualitative features to determine the hedge effectiveness.

The reconciliation of cash flow hedge reserve for the years ended 31st March, 2021 and 31st March, 2020 are as follows:

Particulars	Amount as at	
	31st March, 2021	31st March, 2020
Cash flow hedge reserve as at beginning of the year	4.05	-
Gain/ (loss) recognised in other comprehensive income during the year	(139.51)	5.41
Less: Tax impact on the above	35.12	(1.36)
Amount reclassified to Profit/ Loss account	-	-
Total derivative financial instruments (A) +B))	**(100.34)**	**4.05**

The Holding Company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 14.10 million. Interest on the borrowing is payable at 3-6% p.a. and the principal amount is repayable in July 2022. The Company economically hedged the foreign currency risk arising from the loan with cross currency interest rate swaps of equivalent amount. The cross currency interest rate swaps converts the cash outflows of the foreign currency fixed rate borrowing of USD 14.10 million to cash outflows in Indian Rupees with a notional amount of ₹975.72 million (As at 31st March, 2020 - ₹ 1,534.52 million)

The Asirvad Micro Finance Limited (Component) is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing, where the Component economically hedged the foreign currency risk arising from the loan with cross currency interest rate swaps of equivalent amount. The cross currency interest rate swaps converts the cash outflows of the foreign currency fixed rate borrowing to cash outflows in Indian Rupees with a notional amount of ₹ 2,164 million.

Note 21: Trade payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) total outstanding dues of micro enterprises and small enterprises	0.31	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,241.72	1,088.94
Total	**1,242.03**	**1,088.94**

Note 21(i) Disclosures required under Section 22 of the Micro, Small & Medium Enterprises Development Act, 2006

Particulars	As at 31st March, 2021	As at 31st March, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	0.31	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Total	**0.31**	**-**

Notes

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to Consolidated Financial Statements for the Year ended 31st March, 2021

Note 22: Debt securities

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost		
Commercial papers (unsecured)	11,420.43	19,735.73
US Dollar bonds (Secured)	22,044.08	22,979.80
Privately placed redeemable non-convertible debentures (Secured)	74,434.65	32,834.55
Others - Non-convertible debentures - Public issue (Secured)	4,924.84	5,004.96
Total (A)	**1,12,824.00**	**80,555.04**
Debt securities in India	90,779.92	57,575.24
Debt securities outside India	22,044.08	22,979.80
Total (B)	**1,12,824.00**	**80,555.04**

Commercial papers carry interest rates of 3.45% to 9% p.a (31st March, 2020 : 5.8% to 9.13% p.a.) and their tenure ranges from 71 to 364 days (31st March ,2020 : 74 days to 365 days)

US Dollar Bonds carry interest rates of 5.90% p.a. (31st March 2020 : 5.90% p.a.) and their tenure is for 3 years (31st March 2020: 3 years).

Nature of Security

Debentures are 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 1 year to 10 years. US Dollar Bonds are secured by way of floating charge on the book debts of the Company on gold and other unencumbered assets.

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Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
1	Private Placement	29 Jun 18	29 Jun 20	10,00,000	665	9.50%	665	-	665	Secured	On Maturity	Listed
2	Private Placement	31 Jul 18	31 Jul 20	10,00,000	168	9.50%	168.33	-	168.33	Secured	On Maturity	Listed
3	Private Placement	30 Oct 17	29 Oct 20	10,00,000	2,000	8.80%	2,000	-	2,000	Secured	On Maturity	Listed
4	Public Issue	29 Nov 18	28 Nov 20	1,000	1,13,741	9.85%	113.74	-	113.74	Secured	On Maturity	Listed
5	Public Issue	29 Nov 18	28 Nov 20	1,000	1,22,818	Zero Coupon	122.82	-	122.82	Secured	On Maturity	Listed
6	Public Issue	18 Oct 14	18 Jan 21	1,000	1,50,523	Zero Coupon	150.52	-	150.52	Secured	On Maturity	Listed
7	Private Placement	29 Jun 18	29 Jun 21	10,00,000	665	9.50%	665	665	665	Secured	On Maturity	Listed
8	Private Placement	31 Jul 18	31 Jul 21	10,00,000	168.	9.50%	168.33	168.33	168.33	Secured	On Maturity	Listed
9	Public Issue	29 Nov 18	29 Nov 21	1,000	2,74,444	9.60%	274.44	274.44	274.44	Secured	On Maturity	Listed
10	Public Issue	29 Nov 18	29 Nov 21	1,000	2,17,458	10.00%	217.46	217.46	217.46	Secured	On Maturity	Listed
11	Public Issue	29 Nov 18	29 Nov 21	1000	193893	Zero Coupon	193.893	193.89	193.89	Secured	On Maturity	Listed
12	Public Issue	6-Mar-19	06-Mar-22	1,000	1,53,131	9.35%	153.13	153.13	153.13	Secured	On Maturity	Listed
13	Public Issue	6-Mar-19	06-Mar-22	1,000	1,66,041	9.75%	166.04	166.04	166.04	Secured	On Maturity	Listed
14	Public Issue	6-Mar-19	06-Mar-22	1,000	1,74,749	Zero Coupon	174.75	174.75	174.75	Secured	On Maturity	Listed
15	Private Placement	20-Mar-13	20-Mar-23	10,00,000	30	13.25%	30.00	30.00	30.00	Secured	On Maturity	Listed
16	Public Issue	29-Nov-18	29-Nov-23	1,000	5,74,214	10.00%	574.21	574.21	574.21	Secured	On Maturity	Listed
17	Public Issue	29-Nov-18	29-Nov-23	1,000	2,99,989	10.40%	299.99	299.99	299.99	Secured	On Maturity	Listed
18	Public Issue	29-Nov-18	29-Nov-23	1,000	1,47,955	Zero Coupon	147.96	147.96	147.96	Secured	On Maturity	Listed
19	Public Issue	6-Mar-19	06-Mar-24	1,000	2,85,001	9.75%	285.00	285.00	285.00	Secured	On Maturity	Listed
20	Public Issue	6-Mar-19	06-Mar-24	1,000	2,05,402	10.15%	205.40	205.40	205.40	Secured	On Maturity	Listed
21	Public Issue	6-Mar-19	06-Mar-24	1,000	89,932	Zero Coupon	89.93	89.93	89.93	Secured	On Maturity	Listed
22	Public Issue	29-Nov-18	29-Nov-25	1,000	3,97,723	Zero Coupon	397.72	397.72	397.72	Secured	On Maturity	Listed
23	Public Issue	6-Mar-19	05-May-26	1,000	2,04,779	Zero Coupon	204.78	204.78	204.78	Secured	On Maturity	Listed
24	Public Issue	Various Dates	Various Dates	1,000	42,309	-	42.31	42.31	42.31	Secured	On Maturity	Unlisted
25	Private Placement	27-Sep-19	27-Sep-22	10,00,000	2,000	10.50%	2,000.00	2,000.00	2,000.00	Secured	On Maturity	Listed
26	Private Placement	27-Sep-19	27-Sep-22	10,00,000	50	10.50%	50.00	50.00	50.00	Secured	On Maturity	Listed
27	Private Placement	27-Sep-19	27-Sep-22	10,00,000	100	10.50%	100.00	100.00	100.00	Secured	On Maturity	Listed
28	Private Placement	7-Nov-19	7-Nov-22	10,00,000	2,500	9.75%	2,500.00	2,500.00	2,500.00	Secured	On Maturity	Listed

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Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
29	Private Placement	18-Nov-19	18-Nov-22	10,00,000	1,800	9.75%	1,800.00	1,800.00	1,800.00	Secured	On Maturity	Listed
30	Private Placement	18-Nov-19	18-Nov-22	10,00,000	200	9.75%	200.00	200.00	200.00	Secured	On Maturity	Listed
31	Private Placement	31-Dec-19	31-Dec-21	10,00,000	520	9.75%	520.00	520.00	520.00	Secured	On Maturity	Listed
32	Private Placement	31-Dec-19	31-Dec-21	10,00,000	950	9.75%	950.00	950.00	950.00	Secured	On Maturity	Listed
33	Private Placement	31-Dec-19	31-Dec-21	10,00,000	300	9.75%	300.00	300.00	300.00	Secured	On Maturity	Listed
34	Private Placement	31-Dec-19	31-Dec-21	10,00,000	480	9.75%	480.00	480.00	480.00	Secured	On Maturity	Listed
35	Private Placement	31-Dec-19	31-Dec-21	10,00,000	250	9.75%	250.00	250.00	250.00	Secured	On Maturity	Listed
36	Private Placement	31-Dec-19	31-Dec-21	10,00,000	1,000	9.75%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
37	Private Placement	14-Feb-20	14-Feb-22	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
38	Private Placement	14-Feb-20	14-Feb-22	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
39	Private Placement	14-Feb-20	14-Feb-22	10,00,000	300	9.25%	300.00	300.00	300.00	Secured	On Maturity	Listed
40	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,500	9.25%	1,500.00	1,500.00	1,500.00	Secured	On Maturity	Listed
41	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,250	9.25%	1,250.00	1,250.00	1,250.00	Secured	On Maturity	Listed
42	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,200	9.25%	1,200.00	1,200.00	1,200.00	Secured	On Maturity	Listed
43	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
44	Private Placement	14-Feb-20	14-Feb-22	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
45	Private Placement	14-Feb-20	14-Feb-23	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
46	Private Placement	14-Feb-20	14-Feb-23	10,00,000	500	9.25%	500.00	500.00	500.00	Secured	On Maturity	Listed
47	Private Placement	14-Feb-20	14-Feb-23	10,00,000	250	9.25%	250.00	250.00	250.00	Secured	On Maturity	Listed
48	Private Placement	14-Feb-20	14-Feb-23	10,00,000	1,750	9.25%	1,750.00	1,750.00	1,750.00	Secured	On Maturity	Listed
49	Private Placement	14-Feb-20	14-Feb-23	10,00,000	1,250	9.25%	1,250.00	1,250.00	1,250.00	Secured	On Maturity	Listed
50	Private Placement	27-Mar-20	27-Mar-23	10,00,000	1,000	9.25%	1,000.00	1,000.00	1,000.00	Secured	On Maturity	Listed
51	Private Placement	27-Mar-20	27-Mar-23	10,00,000	750	9.25%	750.00	750.00	750.00	Secured	On Maturity	Listed
52	Private Placement	27-Mar-20	27-Mar-23	10,00,000	250	9.25%	250.00	250.00	250.00	Secured	On Maturity	Listed
53	Private Placement	8-May-20	8-May-23	10,00,000	1,000	9.00%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
54	Private Placement	1-Jun-20	1-Jun-23	10,00,000	5,000	9.10%	5,000.00	5,000.00	-	Secured	On Maturity	Listed
55	Private Placement	12-Jun-20	12-Dec-21	10,00,000	2,500	8.75%	2,500.00	2,500.00	-	Secured	On Maturity	Listed
56	Private Placement	23-Jun-20	23-Dec-21	10,00,000	500	8.75%	500.00	500.00	-	Secured	On Maturity	Listed

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Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
57	Private Placement	23-Jun-20	23-Dec-21	10,00,000	1,000	8.75%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
58	Private Placement	9-Jul-20	9-Jul-30	10,00,000	250	9.50%	250.00	250.00	-	Secured	On Maturity	Listed
59	Private Placement	9-Jul-20	9-Jan-22	10,00,000	750	8.75%	750.00	750.00	-	Secured	On Maturity	Listed
60	Private Placement	9-Jul-20	9-Jan-22	10,00,000	1,400	8.75%	1,400.00	1,400.00	-	Secured	On Maturity	Listed
61	Private Placement	9-Jul-20	9-Jan-22	10,00,000	100	8.75%	100.00	100.00	-	Secured	On Maturity	Listed
62	Private Placement	10-Jul-20	24-Jun-22	10,00,000	1,780	9.00%	1,780.00	1,780.00	-	Secured	On Maturity	Listed
63	Private Placement	16-Jul-20	24-Jun-22	10,00,000	700	9.00%	700.00	700.00	-	Secured	On Maturity	Listed
64	Private Placement	21-Jul-20	21-Jul-22	10,00,000	600	8.50%	600.00	600.00	-	Secured	On Maturity	Listed
65	Private Placement	21-Jul-20	21-Jul-22	10,00,000	500	8.50%	500.00	500.00	-	Secured	On Maturity	Listed
66	Private Placement	21-Jul-20	21-Jul-22	10,00,000	300	8.50%	300.00	300.00	-	Secured	On Maturity	Listed
67	Private Placement	21-Jul-20	21-Jul-22	10,00,000	1,100	8.50%	1,100.00	1,100.00	-	Secured	On Maturity	Listed
68	Private Placement	31-Jul-20	31-Jan-22	10,00,000	750	8.35%	750.00	750.00	-	Secured	On Maturity	Listed
69	Private Placement	31-Jul-20	31-Jan-22	10,00,000	300	8.35%	300.00	300.00	-	Secured	On Maturity	Listed
70	Private Placement	31-Jul-20	31-Jan-22	10,00,000	1,300	8.35%	1,300.00	1,300.00	-	Secured	On Maturity	Listed
71	Private Placement	31-Jul-20	31-Jan-22	10,00,000	1,000	8.35%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
72	Private Placement	14-Aug-20	9-Jul-30	10,00,000	250	9.50%	250.00	250.00	-	Secured	On Maturity	Listed
73	Private Placement	14-Aug-20	9-Jul-30	10,00,000	400	9.50%	400.00	400.00	-	Secured	On Maturity	Listed
74	Private Placement	14-Aug-20	9-Jul-30	10,00,000	350	9.50%	350.00	350.00	-	Secured	On Maturity	Listed
75	Private Placement	19-Aug-20	18-Feb-22	10,00,000	1,000	8.35%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
76	Private Placement	20-Aug-20	6-Feb-23	10,00,000	1,500	8.45%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
77	Private Placement	7-Sep-20	7-Mar-23	10,00,000	1,000	8.10%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
78	Private Placement	30-Sep-20	30-Mar-22	10,00,000	500	7.35%	500.00	500.00	-	Secured	On Maturity	Listed
79	Private Placement	22-Dec-20	22-Dec-23	10,00,000	2,500	7.45%	2,500.00	2,500.00	-	Secured	On Maturity	Listed
80	Private Placement	22-Dec-20	22-Dec-23	10,00,000	1,500	7.45%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
81	Private Placement	28-Jan-21	28-Jan-26	10,00,000	1,500	8.57%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
82	Private Placement	28-Jan-21	28-Jan-27	10,00,000	1,500	8.57%	1,500.00	1,500.00	-	Secured	On Maturity	Listed
83	Private Placement	28-Jan-21	28-Jan-28	10,00,000	3,000	8.57%	3,000.00	3,000.00	-	Secured	On Maturity	Listed
84	Private Placement	28-Mar-16	29-Mar-21	10,00,000	700	12.50%	700.00		700.00	Secured	On Maturity	Listed
85	Private Placement	19-May-16	19-May-21	10,00,000	330	12.50%	330.00	330.00	330.00	Secured	On Maturity	Listed

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
86	Private Placement	9-Aug-17	9-Aug-23	10,00,000	50	12.30%	50.00	50.00	1,000.00	Secured	On Maturity	Listed
87	Private Placement	27-Dec-17	27-Nov-20	10,00,000	1,000	11.55%	1,000.00	-	250.00	Secured	On Maturity	Listed
88	Private Placement	12-Jun-19	11-Dec-20	10,00,000	245	11.00%	245.00	-	245.00	Unsecured	On Maturity	Listed
89	Private Placement	27-Dec-19	27-Jun-22	10,00,000	250	12.00%	250.00	250.00	250.00	Unsecured	On Maturity	Listed
90	Private Placement	15-Dec-19	9-Mar-25	10,00,000	700	12.48%	700.00	700.00	700.00	Secured	On Maturity	Listed
91	Private Placement	22-Jun-20	22-Mar-23	10,00,000	500	11.25%	500.00	416.67	-	Secured	On Maturity	Listed
92	Private Placement	5-Aug-20	6-Feb-22	10,00,000	1,000	9.50%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
93	Private Placement	31-Aug-20	8-Mar-22	10,00,000	500	9.00%	500.00	500.00	-	Secured	On Maturity	Listed
94	Private Placement	14-Dec-20	14-Jun-22	10,00,000	1,000	9.00%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
95	Private Placement	9-Dec-20	30-Jun-22	10,00,000	750	8.40%	750.00	750.00	-	Secured	On Maturity	Listed
96	Private Placement	30-Mar-21	30-Mar-25	10,00,000	500	9.75%	500.00	500.00	-	Secured	On Maturity	Listed
97	Private Placement	23-May-18	22-May-20	10,00,000	100	11.43%	100.00	-	25.00	Unsecured	On Maturity	Listed
98	Private Placement	24-May-19	24-May-21	10,00,000	100	11.00%	100.00	100.00	100.00	Unsecured	On Maturity	Listed
99	Private Placement	30-May-19	20-Jun-24	10,000	50,000	11.63%	500.00	500.00	500.00	Unsecured	On Maturity	Listed
100	Private Placement	30-Dec-19	30-Dec-20	10,00,000	150	12.00%	150.00	-	150.00	Unsecured	On Maturity	Listed
101	Private Placement	2-Feb-21	5-Feb-23	1,00,000	7,500	11.10%	750.00	750.00	-	Unsecured	On Maturity	Listed
102	Private Placement	3-Mar-21	3-Mar-23	10,00,000	1,000	10.50%	1,000.00	1,000.00	-	Unsecured	On Maturity	Listed
103	Private Placement	8-Mar-21	8-Mar-23	10,00,000	500	10.50%	500.00	500.00	-	Unsecured	On Maturity	Listed
104	Private Placement	19-May-20	28-Apr-23	10,00,000	500	10.50%	500.00	500.00	-	Secured	On Maturity	Listed
105	Private Placement	18-Jul-20	25-Apr-23	10,00,000	250	10.50%	250.00	250.00	-	Secured	On Maturity	Listed
106	Private Placement	24-May-20	29-May-23	10,00,000	200	11.00%	200.00	200.00	-	Secured	On Maturity	Listed
107	Private Placement	9-Jun-20	12-Jun-23	10,00,000	250	11.00%	250.00	250.00	-	Secured	On Maturity	Listed
108	Private Placement	26-Jun-20	26-May-23	10,00,000	350	11.00%	350.00	350.00	-	Secured	On Maturity	Listed
109	Private Placement	26-Jun-20	26-May-23	10,00,000	500	11.00%	500.00	500.00	-	Secured	On Maturity	Listed
110	Private Placement	18-Nov-20	19-May-22	10,00,000	1,000	8.60%	1,000.00	1,000.00	-	Secured	On Maturity	Listed
111	Private Placement	18-Nov-20	19-May-22	10,00,000	500	8.60%	500.00	500.00	-	Secured	On Maturity	Listed
112	Private Placement	21-Aug-18	22-Jun-20	10,00,000	200	11.43%	200.00	-	50.00	Unsecured	On Maturity	Listed
113	Private Placement	22-Jun-18	22-Jun-20	10,00,000	150	11.43%	150.00	-	37.50	Unsecured	On Maturity	Listed
114	Private Placement	19-Mar-18	31-Mar-21	10,00,000	500	11.50%	500.00	-	166.67	Unsecured	On Maturity	Listed

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Detail of redeemable non-convertible debentures

Sr. No.	Private Placement/ Public issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2021	As at 31 March 2020	Secured/ Unsecured	Terms of redemption	Listed/ Unlisted
115	Private Placement	19-Sep-18	31-Mar-21	10,00,000	1,000	11.50%	1,000.00	-	400.00	Unsecured	On Maturity	Listed
116	Private Placement	24-Apr-19	31-Mar-21	10,00,000	1,000	11.50%	1,000.00	-	500.00	Unsecured	On Maturity	Listed
117	Public Issue	4-Nov-19	3-Nov-22	1,000	1,71,622	9.75%	171.62	172.00	172.00	Secured	On Maturity	Listed
118	Public Issue	4-Nov-19	3-Nov-22	1,000	85,212	10.00%	85.21	85.00	85.00	Secured	On Maturity	Listed
119	Public Issue	4-Nov-19	3-Nov-22	1,000	1,33,047	10.00%	133.05	133.00	133.00	Secured	On Maturity	Listed
120	Public Issue	4-Nov-19	3-Nov-24	1,000	2,36,054	10.25%	236.05	236.00	236.00	Secured	On Maturity	Listed
121	Public Issue	4-Nov-19	3-Nov-24	1,000	64,026	10.65%	64.03	64.00	64.00	Secured	On Maturity	Listed
122	Public Issue	4-Nov-19	3-Nov-24	1,000	32,890	10.65%	32.89	33.00	33.00	Secured	On Maturity	Listed
123	Public Issue	4-Nov-19	7-Sep-26	1,000	2,20,343	10.65%	220.34	220.00	220.00	Secured	On Maturity	Listed
124	Private Placement	20-Jul-20	19-Jul-23	10,00,000	250	9.40%	250.00	250.00	-	Secured	On Maturity	Listed
Total amount								**76,860.01**	**37,507.92**			
Effective interest rate adjustment								(568.43)	(772.53)			
Interest accrued but not due								3,067.91	1,104.13			
Net Amount								**79,359.49**	**37,839.52**			

Notes

(All amounts are in millions, unless otherwise stated)

to Consolidated Financial Statements for the Year ended 31st March, 2021

Note 23: Borrowings (other than debt securities)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost:		
Term loan		
Indian rupee loan from banks (secured)	56,781.43	54,627.43
Foreign currency term loan from banks (secured)	1,029.15	1,062.78
Indian rupee loan from other parties (secured)	10,643.87	12,549.83
Indian rupee loan from other parties (unsecured)	586.12	594.99
Finance lease obligations (secured)	15.04	54.74
Loans repayable on demand		
Cash credit / Overdraft facilities from banks (secured)	114.20	9,726.17
Working Capital demand loan from banks (secured)	42,188.34	59,406.93
Other loans		
Vehicle loans (Secured)	6.39	14.61
Borrowings under securitisation arrangement	777.59	5,908.78
Total	**1,12,142.13**	**1,43,946.26**
Borrowings in India*	1,12,142.13	1,43,946.26
Borrowings outside India	-	-
Total	**1,12,142.13**	**1,43,946.26**

*Includes foreign currency loan borrowed from Ratnakar Bank Limited.

Term loan from bank:

Indian rupee loan from banks (secured): 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 ₹ 16,816.50 (31st March, 2020: ₹ 17,230)

Foreign currency term loans (ECB) from banks (secured):

1) ₹ 975.7 (31st March, 2020: ₹ 975.7) which carries interest @ 3 month LIBOR plus 280bps. The loan is repayable after 3 years from the date of its origination, viz., July 25, 2019. The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Holding Company.

Term loan from other parties (secured):

Third party rupee term loan is secured where Interest payments are made quarterly at 9.20 % - 9.90 % pa. The loans is secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Holding Company as per the agreement . Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Term loan from other parties (unsecured):

Third party rupee term loan is unsecured where interest payments are made quarterly at 7.75 % pa.

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Finance lease obligations:

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. ₹ 15.04 (31st March, 2020: ₹ 51.51) each.

Loans repayable on demand

Cash credit / Overdraft facilities from banks (secured): These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Holding Company 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 ₹ 244.70 (31st March, 2020: ₹ 8,004.5)

Working Capital demand loan from banks (secured): These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans and advances of the Holding Company 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 ₹ 17,800 (31st March, 2020: ₹ 44,650.00)

Other loans

Vehicle Loans: The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

A) Indian rupee loan from banks (Secured)

As at 31st March, 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	7.75 -10.25%	3,668.73
Due within 1-2 years	7.75 -10.25%	8,426.54
Due within 1 year	7.75 -10.25%	14,642.17
Total		**26,737.44**
Effective interest rate adjustment		(83.86)
Interest accrued but not due		73.35
Net Amount Total (A)		**26,726.93**

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.00 -12.00%	2,805.99
Due within 1-2 years	8.00 -12.00%	8,445.65
Due within 1 year	8.00 -12.00%	15,736.73
Total		**26,988.37**
Effective interest rate adjustment		75.22
Net Amount Total (A)		**27,063.59**

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	8.15% - 10.25%	174.54
Due within 2-5 years	8.15% - 10.25%	1,169.06
Due within 1-2 years	8.15% - 10.25%	800.37
Due within 1 year	8.15% - 10.25%	843.06
Interest accrued and due on borrowings		3.88
Total		**2,990.91**
Total (C)		**2,990.91**
TOTAL (A+B+C)		56,781.43

As at 31st March, 2020		
Terms of repayment		
Tenure (from the date of Balance Sheet)	**Rate of Interest**	**Amount**
Above 2 year	8.75 -10.05%	4,898.94
Due within 1-2 years	8.75 -10.05%	10,361.50
Due within 1 year	8.75 -10.05%	6,805.33
		22,065.77
Effective Interest Rate Adjustment		(77.21)
Interest accrued but not due		10.77
Net Amount Total (A)		**21,999.33**

Particulars		Amount
Base Rate+Spread		25,147.94
Fixed		4,416.5
Total (B)		**29,564.44**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	8.95% - 10.25%	199.73
Due within 2-5 years	8.95% - 10.25%	1,401.39
Due within 1-2 years	8.95% - 10.25%	779.50
Due within 1 year	8.95% - 10.25%	676.69
Total (C)		**3,057.31**
Interest accrued but not due		6.35
Net Amount Total (C)		**3,063.66**

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.

		Amount
TOTAL (A+B+C)		**54,627.43**

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

B) Indian rupee loan from other parties (secured)

As at 31st March, 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.60 -10.75%	2,393.00
Due within 1-2 years	8.60 -10.75%	3,403.85
Due within One year	8.60 -10.75%	1,128.84
Total		**6,925.69**
Effective interest rate adjustment		(13.75)
Interest accrued but not due		50.53
Net Amount Total A		**6,962.47**

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.00 -12.00%	-
Due within 1-2 years	9.00 -12.00%	2,781.23
Due within One year	9.00 -12.00%	926.07
Total		**3,707.3**
Effective interest rate adjustment		(25.90)
Net Amount Total B		**3,681.40**

		Amount
TOTAL (A+B)		**10,643.87**

As at 31st March, 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.75%	5,821.83
Due within 1-2 years	9.50 -10.75%	1,728.83
Due within One year	9.50 -10.75%	2,691.33
Total		**10,241.99**
Effective interest rate adjustment		(29.23)
Interest accrued but not due		159.13
Net Amount Total A		**10,371.89**

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	10%-12%	333.70
Due within 1-2 years	10%-12%	699.41
Due within One year	10%-12%	1,150.47
Total		**2183.58**
Effective Interest Rate Adjustment		(5.64)
Net Amount Total B		**2,177.94**

		Amount
TOTAL (A+B)		**12,549.83**

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

C) **Indian rupee loan from other parties (Unsecured)**

As at 31st March, 2021

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	6.90 -7.50 %	82.24
Total		**82.24**

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	10%-11%	503.88
Total		**503.88**
Grand Total		**586.12**

As at 31st March, 2020

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	89.29
Interest accrued but not due		1.94
Total		**91.23**

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within one year	11%-12%	503.76
Total		**503.76**
Grand Total		**594.99**

D) **Vehicle loans (Secured loans)**

Terms of repayment

Tenure (from the date of Balance Sheet)	As at 31st March, 2021			As at 31st March, 2020		
	Rate of Interest			Rate of Interest		
	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount	Amount	Amount	Amount
Due within 1-2 years	-	-	-	6.39	-	6.39
Due within 1 year	6.39	-	6.39	8.22	-	8.22
Grand Total	**6.39**	**-**	**6.39**	**14.61**	**-**	**14.61**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 24: Deposits

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost:		
Deposits		
- From others	0.70	0.10
Total	**0.70**	**0.10**

Note 25: Subordinated liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
At amortised cost:		
Redeemable non-convertible debentures (Unsecured) - Subordinated debt	2,147.69	1,163.39
Subordinated bonds from others	48.10	70.38
Total	**2,195.79**	**1,233.77**
Subordinated liabilities in India	2,195.79	1,233.77
Subordinated liabilities outside India	-	-
	2,195.79	**1,233.77**

Subordinate bonds from others:

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at 31st March, 2021

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 1-2 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 1 year	-	-	14,852	14.85	12,463	12.46	27,315	27.32
Grand Total	-	-	16,324	16.32	16,005	16.00	32,329	32.32
Effective Interest Rate Adjustment								(0.10)
Interest accrued but not due								15.88
Grand Total								**48.10**

As at 31st March, 2020

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 1-2 years	-	-	14,852	14.86	12,463	12.46	27,315	27.32
Due within 1 year	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Grand Total	**6,857**	**6.86**	**26,913**	**26.92**	**16,005**	**16.00**	**49,775**	**49.78**
Effective Interest Rate Adjustment								(0.49)
Interest Accrued but not due								21.10
Total								**70.38**

Notes

(All amounts are in millions, unless otherwise stated)

to Consolidated Financial Statements for the Year ended 31st March, 2021

Redeemable Non-Convertible Debentures (Unsecured) have a face value of ₹10,00,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at 31st March, 2021

Redeemable at par within	< 12%		>= 12% < 14%		> =14%<15%		Total	
							Rate of interest	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	10,000	1,000.00	-	-	-	-	10,000	1,000.00
Due within 2-3 years	-	-	150	150.00	-	-	150	150.00
Due within 1-2 years	-	-	1,000	1,000.00	-	-	1,000	1,000.00
Grand Total	**10,000**	**1,000.00**	**1,150**	**1,150.00**	**-**	**-**	**11,150**	**2,150.00**
Effective Interest Rate Adjustment								(2.31)
Net Total								**2,147.69**

As at 31st March, 2020

Redeemable at par within	< 12%		>= 12% < 14%		> =14%<15%		Total	
							Rate of interest	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	-	-	150	150.00	-	-	150	150.00
Due within 3-4 years	-	-	1,000	1,000.00	-	-	1,000	1,000.00
Grand Total	**-**	**-**	**1,150**	**1,150.00**	**-**	**-**	**1,150**	**1,150.00**
Effective Interest Rate Adjustment								13.39
Net Total								**1,163.39**

Note 26: Other financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unclaimed matured non-convertible debenture	9.93	19.71
Unclaimed dividend	31.93	38.91
Unclaimed matured subordinate bonds and interest accrued thereon	9.82	9.05
Security deposits	1,552.63	463.84
Payable to customers (Auction surplus refundable)	428.14	420.43
Interest payable on securitization	207.70	299.26
Employee related payables	703.40	605.85
Others	441.23	75.22
	3,384.78	**1,932.27**

Note 27: Provisions

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loan commitments	1.90	2.66
Employee benefits		
- Gratuity	184.74	202.84
- Provision for compensated absences	296.94	276.85
Litigation	52.46	50.42
Others (taxation)	2.95	2.95
Provision for other assets	179.95	187.43
	718.94	**723.15**

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to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Movement of provisions other than employee benefits during the year

The movement in provisions during 2020-21 and 2019-20 is, as follows:

	Litigation	Others	Total
	₹ in million	₹ in million	₹ in million
At 01st April, 2019	**41.18**	**195.10**	**236.28**
Provided /(reversed) during the year	9.24	(7.67)	1.57
At 31st March, 2020	**50.42**	**187.43**	**237.85**
Provided /(reversed) during the year	2.04	(7.48)	(5.44)
At 31st March, 2021	**52.46**	**179.95**	**232.41**

Litigation:

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

Loan commitment

Credit quality of exposure

Internal rating grade	31st March, 2021				31st March, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
Standard grade	1,847.75	4.59	-	1,852.34	1,280.00	-	-	1,280.00
Low risk grade	-	-	-	-	234.65	0.60	-	235.25
Total	**1,847.75**	**4.59**	**-**	**1,852.34**	**1,514.65**	**0.60**	**-**	**1,515.25**

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

	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,514.65**	**0.60**	**-**	**1,515.24**	**662.95**	**0.15**	**-**	**663.10**
New assets originated or purchased	567.75	4.59	-	572.35	1,509.65	0.60	-	1,510.25
Assets derecognised or repaid (excluding write offs)	(234.65)	(0.60)	-	(232.25)	(657.95)	(0.15)	-	(658.10)
Gross carrying amount closing balance	**1,847.75**	**4.59**	**0**	**1,852.34**	**1,514.65**	**0.60**	**-**	**1,515.25**

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Reconciliation of ECL balance is given below:

	FY 2019-20				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**2.66**	**0.01**	**-**	**2.66**	**1.90**	**0.00**	**-**	**1.90**
New assets originated or purchased	1.34	0.10	-	1.44	2.65	0.01	-	2.67
Assets derecognised or repaid (excluding write offs)	(2.19)	(0.01)	-	(2.20)	(1.89)	(0.00)	-	(1.91)
ECL allowance - closing balance	**1.82**	**0.10**	**-**	**1.90**	**2.66**	**0.01**	**-**	**2.66**

Note 28: Other non-financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payable	454.91	280.33
Retention money and other sundry liabilities	210.10	79.85
Advance from customers	212.38	2,902.15
Other	80.59	78.47
	957.98	**3,340.8**

Note 29: Equity share capital

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

	As at 31st March, 2021	As at 31st March, 2020
Authorised		
980,000,000 (31st March, 2020: 980,000,000) equity shares of ₹ 2/- each	1,960.00	1,960.00
4,00,000 (31st March, 2020: 400,000) preference shares of ₹ 100/- each	40.00	40.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid up		
846,364,729 (31st March, 2020: 844,993,125) equity shares of ₹ 2/- each	1,692.73	1,689.99
Total Issued, subscribed and fully paid up	**1,692.73**	**1,689.99**

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

	No. in million	₹ in million
At 01st April, 2019	**842.80**	**1,685.62**
Issued during the year - ESOP (refer note 42)	2.18	4.37
At 31st March, 2020	**844.98**	**1,689.99**
Issued during the year - ESOP (refer note 42)	1.38	2.74
At 31st March, 2021	**846.36**	**1,692.73**

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Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2021, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.25 per share (31st March, 2020: ₹ 2.2 per share).

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

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

Particulars	31st March, 2021		31st March, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Mr. Nandakumar V P	296.15	28.79	243.67	28.84
Ms. Sushama Nandakumar	48.00	5.67	48.00	5.68
Baring India Private Equity Fund III	49.34	5.83	28.74	3.40
Quinag Acquisition (FPI) Ltd	83.79	9.90	83.79	9.92

As per the 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 ownership of shares.

Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued 5,342,593 equity shares (31st March, 2020: 3,785,989) 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.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 42

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Note 30: Other equity	
Securities premium	
At 01st April, 2019	**13,793.54**
Add: Additions on ESOPs exercised	186.24
At 31st March, 2020	**13,979.78**
Add: Additions on ESOPs exercised	125.12
At 31st March, 2021	**14,104.90**
Share option outstanding account	
At 01st April, 2019	**276.18**
Add: Other Additions/ Deductions during the year	(9.36)

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At 31st March, 2020	**266.82**
Add: Other Additions/ Deductions during the year	(130.43)
At 31st March, 2021	**136.39**
Statutory reserve u/s 45-IC of the RBI Act, 1934 and u/s 29C of NHB Act, 1987	
At 01st April, 2019	**9,189.89**
Add: Transfer from surplus balance in the Statement of Profit and Loss	2,920.43
At 31st March, 2020	**12,110.32**
Add: Transfer from surplus balance in the Statement of Profit and Loss	3,461.01
At 31st March, 2021	**15,571.33**
Debenture redemption reserve	
At 01st April, 2019	**1,115.33**
Add: Transfer from statement of profit and loss on account of revised guidelines	(1,115.33)
At 31st March, 2020	**-**
Less: Amount transferred to surplus in the Statement of Profit and Loss	-
At 31st March, 2021	**-**
General reserve	
At 01st April, 2019	**3,627.02**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2020	**3,627.02**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2021	**3,627.02**
Hedging reserve	
At 01st April, 2019	**(2.21)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	(10.63)
At 31st March, 2020	**(12.84)**
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	3.42
At 31st March, 2021	**(9.42)**
Retained earnings	
At 01st April, 2019	**15,729.38**
Add: Profit for the year	14,803.17
Add/Less: Appropriations	
Utilised during the year	763.83
Interim dividend on equity shares including tax thereon	(2,859.77)
Transfer to Statutory Reserve	(2,920.43)
At 31st March, 2020	**25,516.18**
Add: Profit for the year	17,249.54
Add/Less: Appropriations	(16.22)
Transfer to/(from) Impairment reserve	(3,468.14)
Interim dividend on equity shares including tax thereon	(1,057.71)
Transfer to Statutory Reserve	-
Loss on acquisition	(88.07)
At 31st March, 2021	**38,135.58**
Other comprehensive income - Actuary gain / (loss)	
At 01st April, 2019	**(32.99)**
Movements during the year	(63.49)
At 31st March, 2020	**(96.48)**
Movements during the year	(52.39)

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to Consolidated Financial Statements for the Year ended 31st March, 2021

At 31st March, 2021	**(148.87)**
Other comprehensive income - Effective portion of cash flow hedges	
At 01st April, 2019	**-**
Movements during the year	4.05
At 31st March, 2021	**4.05**
Movements during the year	(104.39)
At 31st March, 2021	**(100.34)**
Share application money pending allotment	
At 01st April, 2019	**31.79**
Movements during the year	291.36
At 31st March, 2020	**323.15**
Movements during the year	(323.13)
At 31st March, 2021	**0.02**
Capital redemption reserve	
At 01st April, 2019	**50.00**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2020	**50.00**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2021	**50.00**
Capital reserve	
At 01st April, 2019	**2.45**
Add: Other Additions/ Deductions during the year	0.46
At 31st March, 2020	**2.91**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2021	**2.91**
Impairment Reserve	
At 01st April, 2019	**-**
Add: Other Additions/ Deductions during the year	-
At 31st March, 2020	**-**
Add: Other Additions/ Deductions during the year	12.14
At 31st March, 2021	**12.14**
Total other equity	
At 31st March, 2020	**55,770.91**
At 31st March, 2021	**71,381.66**

Nature and purpose of Reserves

Statutory reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934): Section 45IC of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has transferred an amount of ₹ 3,440.45 million (2019-20 ₹ 2,899.31 million) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

Statutory reserve (Pursuant to section 29C of the NHB Act, 1987 & Section 36(1)(viii) of Income Tax Act, 1961): Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of ₹ 20.57 (2020 - 21.12) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

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Securities premium: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Hedge Reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 50. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedge reserve. Amounts recognised in the hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Debenture redemption reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, 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.

(2) Pursuant to notification issued by Ministry of Corporate Affairs on 16th August, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amend the Companies (Share Capital and Debentures) Rules, 2014.

In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required to maintain in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

(3) By complying with the above notification, the Company has transferred back ₹ 1,115.33 million from DRR to Retained earnings in the financial year ended 31st March, 2020 and In respect of the debentures issued during the current year, the Company is not required to create DRR.

General Reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share option outstanding account (ESOP reserve): The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 36 for further details of these plans.

Other comprehensive income: Other items of other comprehensive income consist of re-measurement of net defined benefit liability/asset and fair value changes on derivatives designated as cash flow hedge, net.

Note 31: Revenue from operations

Note 31 (i): Interest income

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
On financial assets measured at amortised cost:		
Interest on loans		
- Gold loans	48,112.23	38,708.02
- Property loans	1,027.78	894.89
- Commercial vehicles	1,830.22	2,513.17
- Onlending	477.42	992.98

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(All amounts are in millions, unless otherwise stated)

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
- Microfinance loans	9,239.79	8,922.14
- SME loans	59.00	12.12
Interest on deposits with banks	724.48	362.49
Other interest income	300.58	244.27
Interest income from investments	123.96	154.75
Total	**61,895.46**	**52,804.83**

Note 31 (ii): Fees and commission income

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Foreign exchange commission	0.12	2.91
Money transfer commission	43.09	68.94
Brokerage and commission	92.50	144.03
Fee received for IT services	43.23	91.82
Total	**178.94**	**307.70**

Note 31 (iii): Net gain on fair value changes

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Net gain on financial instruments at fair value through profit or loss	714.80	1,259.10
On trading portfolio		
- Investments	0.10	-
- Derivatives	-	-
Total Net gain on fair value changes (A)	**714.90**	**1,259.10**
Fair value changes:		
- Realised	714.80	1,259.10
- Unrealised	0.10	-
Total Net gain on fair value changes (B)	**714.90**	**1,259.10**

Note 31 (iv): Dividend income

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Dividend income	128.69	94.71
Total	**128.69**	**94.71**

Note 31 (v): Other operating income

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Bad debt recovered	170.88	74.30
Foreclosure charges	7.95	8.83
Others	208.65	103.72
Total	**387.48**	**186.85**

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Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2021 by nature of products sold. The Group believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Revenue by products / services		
Interest income	61,895.46	52,170.55
Fees and commission	178.94	1,034.99
Others	1,231.07	1,447.65
Total revenue from operations*	**63,305.47**	**54,653.19**

* The revenue from operations is earned in India.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

Note 32: Other income

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Net gain on derecognition of property, plant and equipment	8.35	12.21
Others	432.42	846.48
Total	**440.77**	**858.69**

Note 33: Finance costs

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
Interest on debt securities	9,376.75	6,402.44
Interest on borrowings	11,463.07	11,111.42
Interest on subordinated liabilities	7.75	9.29
Other borrowing costs	850.54	457.09
Finance cost on lease liability	491.36	342.02
Total	**22,189.47**	**18,322.26**

Note 34: Fees and commission expense

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
Commission paid	201.78	236.63
Total	**201.78**	**236.63**

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Note 35: Impairment on financial instruments

The below table show impairment loss on financial instruments charges to statement of profit and loss based on category of financial instrument.

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
On financial instruments measured at amortised cost:		
Loans	4,404.55	2,375.65
Investments	(3.74)	(4.17)
Assets held for sale	-	4.67
Total	**4,400.81**	**2,376.15**

Note 36: Employee benefits expense

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Salaries and wages	7,558.23	7,433.53
Contribution to provident and other funds	724.83	650.84
Share based payments to employees	2.82	(15.09)
Staff welfare expenses	143.17	232.04
Total	**8,429.05**	**8,301.32**

Note 37: Depreciation and amortisation

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Depreciation of tangible assets	767.15	757.23
Amortization of intangible assets	93.15	45.58
Depreciation on right of use assets	849.16	838.96
Total	**1,709.46**	**1,641.77**

Note 38: Other expenses

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Rent	202.08	192.48
Energy costs	232.32	262.21
Repairs and maintenance		
-Vehicles	1.60	5.68
- Others	257.93	447.54
Rates and taxes	112.74	51.84
Printing and stationery	75.21	122.67
Travelling and conveyance	394.27	500.30
Advertising and publicity	428.05	486.43
Directors' fees, allowances and expenses	21.92	14.20
Payment to auditors (Refer note (i) below)	19.86	21.32
Insurance	167.71	127.54
Communication expenses	369.99	500.98
Legal and professional charges	226.19	354.17
Corporate social responsibility expenses	314.36	282.44
Other expenditure	179.18	249.04
IT support	553.55	475.96
Security charges	98.31	465.97
Total	**3,655.27**	**4,560.77**

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Note (i) Payment to auditors

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
As auditors:		
Statutory audit fee	10.25	8.68
Limited reviews	4.71	4.11
Other statutory attest services *	3.00	5.92
Reimbursement of expenses	1.90	1.92
Other services	-	0.69
Total	**19.86**	**21.32**
* Above excludes fees for the year ended 31st March, 2020 in respect of funds raised through Bond issue, adjusted in effective interest rate on borrowings.	-	9.61

Note 39: Income tax

The Group has computed the tax expense of the current financial year and previous year as per the tax regime announced under section 115BAA of the income Tax Act, 1961. Accordingly, the provision for current and deferred tax has been determined at the rate of 25.17%.

The components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are:

	For year ended 31st March, 2021	For year ended 31st March, 2020
Current tax	**6,790.42**	**5,344.65**
Adjustment in respect of current income tax of prior years	(91.36)	-
Deferred tax relating to origination and reversal of temporary differences	(788.23)	(74.84)
Total tax charge	**5,910.83**	**5,269.81**
Current tax	6,699.06	5,344.65
Deferred tax	(788.23)	(74.84)

Reconciliation of income tax expense:

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Profit before tax	23,160.40	20,072.98
Current tax as per books (Effective rate of Tax)	5,829.47	5,052.37
- Adjustment of prior year tax and MAT credit	-	-
- Income exempt from tax		23.84
- Non deductible tax expenses (donations, corporate social responsibility, interest late payments and penalty)	62.69	61.67
- Income tax at different rates	-	131.93
- Effect of change in previous year tax	110.01	
- Current tax relating to earlier years	(91.36)	-
Current tax as per statement of profit and loss	**5,910.83**	**5,269.81**

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Deferred tax

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

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement gain / (charge)	OCI gain / (charge)	Others - Adjusted in Statement of Profit and Loss in other equity
	31st March, 2021	31st March, 2021	2020-21	2020-21	2020-21
Provisions for litigations and compensated absences	56.68	-	(54.68)	-	-
Property, plant and equipment and Right of use asset (Net of lease liabilities)	407.10	(0.47)	167.39	-	-
Impairment allowance for financial assets	1,189.27	-	537.76	-	-
Remeasurement gain / (loss) on defined benefit plan	102.81	-	34.61	17.63	-
Derivative instruments in cash flow hedge relationship	33.02	-	2.22	36.75	-
Debt instrument measured at amortised cost	50.99	(198.88)	65.12	-	-
Financial assets measured at amortised cost	-	(6.10)	(0.72)	-	-
Other temporary differences	354.96	(1.54)	168.19	-	-
Provision for fraud insurance claim receivable	15.85	-	15.85	-	-
Borrowings	-	(2.83)	(2.83)	-	-
Effective interest rate on PTC loans	2.99	(156.98)	(153.99)	-	-
Cash flow hedge reserve	-	(1.64)	-	(1.64)	-
Unamortised processing fess	9.31	-	9.31	-	-
Total	**2,222.98**	**(368.44)**	**788.23**	**52.74**	**-**
Net deferred tax asset as at 31st March, 2021	**1,854.54**				

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

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement gain / (charge)	OCI gain / (charge)	Others - Adjusted in Statement of Profit and Loss in other equity
	31st March, 2020	31st March, 2020	2019-20	2019-20	2019-20
Provisions for litigations and compensated absences	111.36	-	(11.03)	0.78	-
Property, plant and equipment and Right of use asset (Net of lease liabilities)	242.88	(3.65)	84.37	-	148.12
Impairment allowance for financial assets	651.50	-	(346.07)	-	-
Remeasurement gain / (loss) on defined benefit plan	50.57	-	23.60	20.04	-

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Particulars	Deferred tax assets	Deferred tax liabilities	Income statement gain / (charge)	OCI gain / (charge)	Others - Adjusted in Statement of Profit and Loss in other equity
	31st March, 2021	31st March, 2021	2020-21	2020-21	2020-21
Derivative instruments in cash flow hedge relationship	-	(5.96)	3.82	(1.37)	-
Debt instrument measured at amortised cost	-	(213.00)	166.24	-	-
Financial assets measured at amortised cost		(5.38)	4.17	-	-
Other temporary differences	425.21	(239.96)	0.04	-	-
Total	**1,481.52**	**(467.95)**	**(74.84)**	**19.45**	**148.12**
Net deferred tax asset as at 31st March, 2020	**1,013.57**				

Note 40: Earnings per share

Particulars	For year ended 31st March, 2021	For year ended 31st March, 2020
Net profit for calculation of basic earnings per share	17,249.57	14,803.17
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	**84,57,29,191**	**84,40,74,715**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	29,921	23,92,976
Weighted average number of equity shares in calculating diluted earnings per share (Nos.)	**84,57,59,112**	**84,64,67,691**
Basic earnings per share (₹)	20.40	17.54
Diluted earnings per share (₹)	20.40	17.49

Note 41: Investment in subsidiaries

The consolidated financial statements include the financial statements of Group and its subsidiaries. Group does not have any joint ventures or associates. Manappuram Finance Limited is the ultimate parent of the Group.

Significant subsidiaries of Group are:

Name of subsidiary	Country of incorporation	% equity interest 31st March, 2021	% equity interest 31st March, 2020
Manappuram Home Finance Limited	India	100%	100%
Manappuram Insurance Brokers Limited	India	100%	100%
Asirvad Micro Finance Limited	India	94.79%	93.33%
Manappuram Comptech and Consultants Limited	India	99.81%	99.81%

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Asirvad Micro Finance Limited is the only significant subsidiary of Group that has a material non-controlling interest (31st March, 2021: 5.21%, 31st March, 2020: 6.67%). The following table summarises key information relevant to Asirvad Micro Finance Limited:

	31st March, 2021	31st March, 2020
Loans to customers and staff	47,959.57	43,442.98
Other assets	10,296.37	15,672.92
Trade payables	244.72	176.27
Other liabilities	47,456.87	48,544.44
Net assets	**10,554.35**	**10,395.19**
Accumulated non-controlling interests of the subsidiary	549.88	693.36
Net interest margin	**5,000.87**	**5,039.41**
Profit after tax	**168.82**	**2,353.28**
Profit allocated to non-controlling interest	8.80	156.96
Dividends paid to non-controlling interests	-	-

Note 42: 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	05th July, 2016			
Number of options approved	25,23,6214			
Date of grant	08th August, 2016			
Method of Accounting	The Holding Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black Scholes Model. The key assumptions used in Black Scholes Model for calculating fair value as on the date of grant are:			
	(Rf)Interest Rate	Expected Life	Dividend Yield	Expected Volatility
	7.03% to 7.25%	3 to 5 years	2.95%	49.68%-55.38%
Date of In principle Approval	In principle approval of the BSE was obtained on 20th December, 2016 and NSE on 28th December, 2016.			
Number of options granted	1,37,50,466			
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.			

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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 Group has granted 1,37,50,466 options at an exercise price of 86.45 on 08th August, 2016 which will vest over a period of three years from the grant date (08th August, 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	31st March, 2021	31st March, 2020
Options outstanding, beginning of year	60,60,932	87,70,385
Options granted during the year	-	-
Lapsed options restored during the year	-	8,51,250
Options lapsed during the year	(46,19,328)	(13,77,435)
Options exercised during the year	(13,71,604)	(21,83,268)
Options unvested and outstanding at the end of the year	**70,000**	**60,60,932**

Particulars	31st March, 2021	31st March, 2020
Weighted average remaining contract life of options	-	-
Weighted average market price at the exercise date	-	-

	Vesting I	Vesting II	Vesting III
	8 August 2017 30%	**8 August 2018 30%**	**8 August 2019 40%**
Fair value per vest (₹)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of ₹ 10/-)	86.45	86.45	86.45

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility

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has been considered is the expected life of the option.

Asirvad Micro Finance Limited

Employee Stock Option Scheme (ESOS), 2019

The details of the Employee Stock Option Scheme 2019 are as under:

Date of share holders' approval	02nd February, 2019		
Number of options approved	8,30,000		
Date of grant	01st July, 2019		
Number of options granted	8,30,000		
Method of settlement	Equity		
Method of Accounting	The Asirvad Micro Finance Limited has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black Scholes Model. The key assumptions used in Black Scholes Model for calculating fair value as on the date of grant are:		
	(Rf)Interest Rate	Expected Life	Expected Volatility
	6.88 %	3 years	50%
Graded Vesting	30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1,2022 and the balance 35% after four year from the date of grant i.e. July 1, 2023		
Exercisable period	4 years from vesting date		
Vesting conditions	Continuous employment/service as on relevant date of vesting and pre-determined performance parameters, if any		

The Company has adopted the Employee Stock Option Scheme framed in accordance with the Section 62(1)(c) of the Companies Act 2013 read with Rules 12 of the Companies (Share Capital and Debenture) Rules, 2014 made thereunder.

The Company has granted 8,30,000 options at an exercise price of ₹ 364/- on July 1,2019 which will vest over a period of four years from the grant date (30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1,2022 and the balance 35% after four years from the date of grant i.e. July 1, 2023. The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

(b) The summary of the movements in options is given below:

Particulars	31st March, 2021	31st March, 2020
Options outstanding, beginning of year	6,55,000	-
Options granted during the year	-	8,30,000
Increase on account of Bonus issue	-	-
Lapsed options restored during the year	-	-
Options lapsed during the year	1,42,500	1,75,000
Options exercised during the year	-	-
Options unvested and Outstanding at the End of the Year	**5,12,500**	**6,55,000**
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	5,12,500	6,55,000
	5,12,500	**6,55,000**

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(c) Pro-forma Disclosures for ESOS :

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, no compensation cost for ESOS 2019 has been recognized based on the fair value at the date of grant. Hence there is no impact on profit after tax and there is no dilution in earning per share.

(d) The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under

Option fair value	80.93
Risk free interest rate	6.88%
Expected Life (in years)	3
Expected volatility	50%
Share price on the date of grant (face value ₹ 10 per share)	239.37

Note 43: Retirement benefit plan

Defined contribution Plan

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 481.95 (31st March, 2020: ₹ 464.38) for Provident Fund contributions and ₹ 127.09 (31st March, 2020: ₹ 140.24) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

Defined benefit plan

The Group 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.

Update on the Code on Social Security, 2020 ('Code')

The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net employee benefit expense recognised in the statement of profit and loss

Components of employer expense	31st March, 2021	31st March, 2020
Current service cost	205.24	182.76
Interest cost on benefit obligation		
Expected return on plan assets		
Past service cost	(0.19)	(0.60)
Net interest on net defined benefit liability/ (asset)	5.82	4.17
Net transfer (in) / outs	32.01	0.13
Total employer expense recognised in statement of profit and loss	**242.88**	**186.46**

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Net employee benefit expense recognised in the Other Comprehensive Income

Movement in Other Comprehensive Income (OCI)	31st March, 2021	31st March, 2020
Balance at start of year (loss)/gain	(119.31)	(43.37)
Actuarial (loss)/gain from changes in financial assumptions	(21.74)	(48.01)
Actuarial (loss)/gain from experience over the past year	(46.12)	(34.15)
Return on plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	(3.05)	6.22
Actuarial (loss) / gain from changes in demographic assumptions	0.89	-
Balance at end of year (loss)/gain	(189.33)	(119.31)

Experience adjustments

Particulars	31st March, 2021	31st March, 2020
Defined benefit obligation	(837.90)	928.94
Fair value of plan assets	**996.65**	**726.10**
Asset/(liability) recognized in the balance sheet	(205.76)	(176.99)
Experience adjustments on plan liabilities (gain) / loss	40.91	34.76
Experience adjustments on plan assets gain / (loss)	(3.20)	6.66

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

Particulars	31st March, 2021	31st March, 2020
Opening defined benefit obligation	**928.93**	**662.67**
Transfer in/out	(15.59)	(5.04)
Interest cost	57.89	46.88
Current service cost	205.24	182.77
Benefits paid	(77.70)	(44.78)
Past service cost	(0.19)	0.28
Actuarial loss / (gain) on obligation	40.28	51.72
On acquisition of subsidiary	42.34	33.96
Closing defined benefit obligation	**1,181.20**	**928.06**

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

Particulars	31st March, 2021	31st March, 2020
Opening fair value of plan assets	726.53	512.85
Transfer in/out	(1.93)	(4.90)
Expected return	51.28	42.80
Contributions by employer	284.88	217.46
Benefits paid	(77.70)	(44.79)
Actuarial gains / (losses)	(3.04)	4.78
On acquisition of Subsidiary	16.12	-
Closing fair value of plan assets	**996.14**	**728.20**
Expected contribution to fund to be made in the next year	209.00	109.00

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

A) Holding Company

Manappuram Finance Limited

Particulars	31st March, 2021	31st March, 2020
Discount rate	5.90%	6.20%
Salary growth rate	8.00%	8.00%
Attrition rate	15.00%	15.00%
Expected rate of return on assets	6.20%	7.10%

B) Subsidiary Companies

(i) Asirvad Micro Finance Limited

Particulars	31st March, 2021	31st March, 2020
Discount rate	6.75%	6.58%
Salary growth rate	10.00%	10.00%
Attrition rate	16.00%	16.00%

(ii) Manappuram Home Finance Limited

Particulars	31st March, 2021	31st March, 2020
Salary escalation	8.00%	8.00%
Discount rate	5.00%	5.50%
Attrition rate		
- Managerial grade and above	15.00%	15.00%
- Below managerial grade	50.00%	50.00%
Expected rate of return on assets	5.50%	6.70%

(iii) Manappuram Insurance Brokers Limited

Particulars	31 March 2021	31 March 2020
Discount rate	5.50%	5.80%
Attrition rate	20.00%	20.00%
Salary increase rate	8.00%	8.00%
Expected return on plan assets	5.80%	6.90%

(iv) Manappuram Comptech and Consultants Limited

Particulars	31st March, 2021	31st March, 2020
Discount rate	6.65%	6.70%
Salary growth rate	6.00%	6.00%

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Percentage Break-down of Total Plan Assets

A) Holding Company

Manappuram Finance Limited

Particulars	31st March, 2021	31st March, 2020
Investment funds with insurance company	99.99%	99.90%
Of which, unit linked	25.69%	37.30%
Of which, traditional/ non-unit linked	74.30%	68.60%
Cash and cash equivalents	0.01%	0.10%
Total	**100%**	**100%**

B) Subsidiary Companies

(i) Asirvad Micro Finance Limited

	31st March, 2021	31st March, 2020
Investment Funds with insurance company	100%	100%
Total	**100%**	**100%**

(ii) Manappuram Home Finance Limited

	31st March, 2021	31st March, 2020
Investment Funds with insurance company	100%	100%
Of which, unit linked	-	-
Of which, traditional/ non-unit linked	100%	100%
Total	**100%**	**100%**

(iii) Manappuram Insurance Brokers Limited

	31st March, 2021	31st March, 2020
Investment Funds with insurance company	100%	100%
Total	**100%**	**100%**

Sensitivity Analysis

A) Holding Company

Manappuram Finance Limited

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Discount rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase (Decrease)]	(67.16)	76.63	(54.72)	62.38

	31st March, 2021		31st March, 2020	
Assumptions	Salary growth Rate		Salary growth Rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation [Increase/ (Decrease)]	74.30	(66.52)	60.66	(54.33)

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B) Subsidiary Companies

(i) Asirvad Micro Finance Limited

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(4.06)	4.33	4.13	(3.93)

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(2.10)	2.24	2.15	(2.04)

(ii) Manappuram Home Finance Limited

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.95)	0.97	0.94	(0.93)

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.78)	0.86	0.84	(0.77)

(iii) Manappuram Insurance Brokers Limited

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.62)	0.68	0.66	(0.61)

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.46)	0.50	0.49	(0.46)

(iv) Manappuram Comptech and Consultants Limited

	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.25% increase	0.25% decrease	2% increase	2% decrease
Impact on defined benefit obligation	(15.49)	16.30	18.32	(13.86)

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	31st March, 2021		31st March, 2020	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
Impact on defined benefit obligation	(12.69)	13.34	14.73	(11.49)

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 Group's plans are shown below:

A) Holding Company

Manappuram Finance Limited

Particulars	31 March 2021	31 March 2020
	%	%
Discount rate	5.90%	7.10%
Attrition rate	15.00%	15.00%
Salary escalation	8.00%	8.00%

B) Subsidiary Companies

Asirvad Micro Finance Limited

Particulars	31 March 2021	31 March 2020
	%	%
Discount rate	6.59%	6.48%
Salary escalation	10%	10%
Attrition Rate	16%	16%

(ii) Manappuram Home Finance Limited

Particulars	31 March 2021	31 March 2020
	%	%
Discount rate	5.00%	6.70%
Salary escalation	8%	8%
Attrition rate		
- Managerial grade and above	15%	15%
- Below managerial grade	50%	50%

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

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

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Note 44: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behavior as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31st March, 2021			31st March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	25,482.10	-	25,482.10	32,955.23	-	32,955.23
Bank balance other than above	3,642.08	-	3,642.08	3,712.53	-	3,712.53
Derivative financial instruments	-	-	-	1,369.97	-	1,369.97
Trade receivables	25.69	-	25.69	24.77	-	24.77
Loans	2,38,620.27	26,455.84	2,65,076.11	2,22,502.13	20,468.70	2,42,970.83
Investments	1.31	3,378.80	3,380.11	5.05	899.78	904.83
Other financial assets	2,304.68	1,325.34	3,630.02	1,304.90	1,325.34	2,630.24
Non-financial Assets						
Current tax asset	-	203.81	203.81	-	961.62	961.62
Deferred tax assets (net)	-	1,854.54	1,854.54	-	1,013.57	1,013.57
Investment property	-	0.86	0.86	-	0.86	0.86
Property, plant and equipment	-	2,866.50	2,866.50	-	3,272.20	3,272.20
Capital work-in-progress	-	75.07	75.07	-	34.61	34.61
Right of use asset	-	5,759.99	5,759.99		4,190.64	4,190.64
Goodwill	-	355.65	355.65	-	355.65	355.65
Other intangible assets	-	277.51	277.51	-	207.03	207.03
Other non financial assets	50.95	696.82	747.77	50.95	695.28	746.23
Total assets	**2,70,127.08**	**43,250.73**	**3,13,377.81**	**2,61,925.53**	**33,425.28**	**2,95,350.81**
Liabilities						
Financial Liabilities						
Derivative financial liabilities	359.78	-	359.78	-	-	-
Trade Payables	1,242.03	-	1,242.03	1,088.94	-	1,088.94
Debt Securities	52,692.12	60,131.88	1,12,824.00	31,738.06	48,816.98	80,555.04
Borrowings (other than debt security)	78,361.10	33,781.03	1,12,142.13	1,06,844.18	37,102.08	1,43,946.26
Deposits	0.70	-	0.70	0.10	-	0.10
Subordinated Liabilities	1,025.10	1,170.69	2,195.79	188.04	1,045.73	1,233.77
Lease Liability	637.66	5,367.66	6,005.32	794.66	3,691.88	4,486.54
Other Financial liabilities	3,364.78	20.00	3,384.78	1,912.27	20.00	1,932.27
Non-financial Liabilities						
Provisions	715.44	3.50	718.94	719.65	3.50	723.15
Other non-financial liabilities	957.98	-	957.98	3,340.80	-	3,340.80
Total Liabilities	**1,39,356.69**	**1,00,474.76**	**2,39,831.45**	**1,46,626.70**	**90,680.17**	**2,37,306.87**
Net	**1,30,770.39**	**(57,224.03)**	**73,546.36**	**1,15,298.83**	**(57,254.89)**	**58,043.94**

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Note 45: Change in liabilities arising from financing activities

Changes in liabilities arising from financing activities

Particulars	As at 31 March 2020	Cash Flows	Other	As at 31 March 2021
Debt securities	80,555.04	32,975.72	(706.76)	1,12,824.00
Borrowings other than debt securities	1,43,946.26	(31,696.92)	(107.21)	1,12,142.13
Subordinated liabilities	1,233.77	961.55	0.47	2,195.79
Total liabilities from financing activities	**2,25,735.07**	**2,240.35**	**(813.50)**	**2,27,161.92**

Particulars	As at 01 April 2019	Cash Flows	Other	As at 31 March 2020
Debt securities	55,986.53	25,325.01	(756.47)	80,555.04
Borrowings other than debt securities	95,770.84	48,287.01	(111.59)	1,43,946.26
Subordinated liabilities	1,195.88	37.77	0.12	1,233.77
Total liabilities from financing activities	**1,52,953.25**	**73,649.79**	**(867.94)**	**2,25,735.07**

Note 46: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

(a) Applicability of Kerala Money Lenders' Act

The Holding 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 Holding Company has taken legal opinion on the matter and based on such opinion the management is confident of a favorable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

Particulars	As at 31st March, 2021	As at 31st March, 2020
i) Income tax demand under appeal before the Commissioner of Income Tax (Appeals) for the Assessment Year 2015-16 to 2017-18	769.91	919.21
ii) Income tax demand under regular assessment for the Assessment Year 2018-19	1.38	-
ii) Kerala Value Added Tax demands under appeal pending before the Deputy Commissioner for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	43.69	49.94
Total	**814.98**	**969.15**

b) The Holding Company has some labour cases pending against it in various courts and with labour Commissioners of various States. The Group's liability for these cases are not disclosed since actual liability to be provided is unascertainable.

c) The Holding Company has received order under section 263 of the Income Tax Act, 1961 ("the Act") dated 25th March, 2021, wherein the PCIT has set aside the assessment of AY 2016-17 to do the assessment afresh by disallowing the amount of deduction claimed towards income considered under other heads from income from business after due verification. The Holding Company has preferred appeal before CIT(A) against the order.

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Income Tax (A.Y. 2015-16)

During the FY 2017-18, the Asirvad has received an Assessment order under Section 143(3) for the AY 2015-16 with a demand of ₹ 112.45 by taxing the receipt of share premium amount received by the Asirvad as unexplained cash credits, expense claimed towards employee stock option scheme and disallowance of depreciation under Section 32 of the Income Tax Act, 1961.

The Asirvad has filed appeals against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the Asirvad strongly believe that case will be decided in their favour and hence no provision has been considered. However In the FY 2017-18 the Asirvad has paid an amount of ₹ 22.49 being 20% of the total demand and the same has been disclosed as part of deposit under protest.

Considering the fact that, the ground of order received for AY 2015-16 is similar to order received for AY 2011-12 and AY 2014-15 for which the Asirvad has received favorable order from CIT(A), the Asirvad expects a favorable order to received for AY 2015-16 also. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Asirvad' s rights for future appeals.

Income Tax (A.Y. 2016-17)

During the FY 2018-19, the Asirvad has received an Assessment order under Section 143(3) for the AY 2016-17 with a demand of ₹ 197.8 by taxing the receipt of share premium amount received by the Asirvad as unexplained cash credits under Section 56(2)(viib) of the Income Tax Act, 1961.

The Company has filed appeals against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the Asirvad strongly believe that case will be decided in their favour and hence no provision has been considered. However In the FY 2017-18 the Asirvad has paid an amount of ₹ 39.58 being 20% of the total demand and the same has been disclosed as part of Deposit under protest

Considering the fact that, the ground of order received for AY 2016-17 is similar to order received for AY 2011-12 and AY 2014-15 for which the Asirvad has received favorable order from CIT(A), the Asirvad expects a favorable order to received for AY 2015-16 also. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Asirvad' s rights for future appeals.

Income Tax (A.Y. 2017-18)

The accounting for securitisation transaction is governed by guidelines issued by the Reserve Bank of India vide its Master Direction on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly Asirvad has recorded securitization and assignment transactions during the year. At the time of regular assessment, Assessing Officer disallowed finance cost on above securitization and assignment transactions and added the same to our total income on the ground that Asirvad had made true sale of the securitized assets by derecognizing the assets from its financials and therefore there cannot be any loan or associated financial cost and raised demand of ₹ 142.43 in this regard. Asirvad had received advice from tax counsel to contest the above demand as the Asirvad' s accounting of transactions is in line with RBI's extant guidelines. Assessing officer disallowed Demonetized currencies deposited to bank account subsequent to 8th November, 2016 and added the same under Income from Other Sources as unexplained money u/s 69A of Income Tax Act on the ground that it is in contravention of SBN Cessation of Liabilities Act 2018 and SC judgement in earlier cases regarding the source of cash and had raised demand of ₹ 9.71 in this regard. Asirvad is advised by Tax Counsel to contest this demand on the ground that there is no specific provision in the Income Tax Act to tax the amounts received as demonetized currencies.

The Asirvad had filed appeals against both the above demands with the Commissioner of Income Tax-Appeals. Based on professional advice, the Asirvad strongly believes that the case will be decided in their favour and hence no provision has been considered. However, in the FY 2019-20, the Asirvad had paid an amount of ₹ 30.43, being 20% of the above total demands and the same has been disclosed as part of Deposit under Protest. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Asirvad' s rights for future appeals.

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(B) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances as on 31st March, 2021 is ₹ 227.20 (31st March, 2020: ₹ 289.87).

(ii) The Holding Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with a total expense of ₹ 2,700.

(C) Lease Disclosures

(a) Leases of branch premises

(i) Ind AS 116 "Leases" is applied the standard to all lease contracts The Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset measured at the amount of the initial measurement of the lease liability.

(ii) The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date. Discount rate has been taken as the Incremental Borrowing rate of borrowings with similar tenure.

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) The Group takes branch premises and computers on lease. Below are the changes made during the year in the carrying value of:

-Right-of-use assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**4,190.64**	**2,176.92**
Recognition of deferred lease rentals	11.91	65.46
Additions	2,442.67	2,787.22
Deletion	(36.07)	-
Depreciation	(849.16)	(838.96)
Closing balance	**5,759.99**	**4,190.64**

-Lease liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**4,486.54**	**2,600.90**
Additions	2,318.49	2,763.26
Deletion	(1.71)	-
Payment of Lease liabilities	(1,289.36)	(1,219.64)
Finance cost accrued during the period	491.36	342.02
Closing balance	**6,005.32**	**4,486.54**

- Amounts recognised in profit and loss

Particulars	As at 31st March, 2021	As at 31st March, 2020
Depreciation expense on right-of-use assets	849.16	838.96
Interest expense on lease liabilities	491.36	342.02

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Maturity analysis of Lease Liability

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	637.66	794.66
Later than one year but not later than four years	1,992.56	1,440.43
Later than four years	3,375.10	2,251.45
Closing	**6,005.32**	**4,486.54**

Finance leases:

The Holding 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:

i) Computers

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total minimum lease payments at the year end	15.06	55.21
Less: amount representing finance charges	0.85	3.70
Present value of minimum lease payments	14.21	51.51
Lease payments for the year	36.46	30.51
Minimum lease Payments:		
Less than one year [Present value as on 31st March, 2021: ₹ 14.21 , Present value as on 31st March, 2020: ₹ 51.51)]	15.06	55.21
Later than one year but not later than five years [Present value on 31st March, 2021: ₹ Nil , as on 31st March, 2020: ₹ Nil)]	-	-

Note 47: Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest

Name of the entity in the Group	Net Assets, i.e. total assets minus total liabilities		Share in profit and loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Total comprehensive income	Amount
Manappuram Finance Limited	93.83%	69,006.72	98.43%	16,978.82	93.14%	(146.03)	98.48%	16,832.79
Subsidiaries								
Manappuram Home Finance Limited	0.10%	72.01	0.60%	102.90	0.87%	(1.37)	1.59%	101.53
Manappuram Insurance Brokers Limited	0.04%	30.84	-0.18%	(31.73)	-0.11%	0.18	-0.18%	(31.55)
Asirvad Micro Finance Limited	5.31%	3,906.65	0.94%	162.15	5.62%	(8.81)	0.90%	153.34
Manappuram Comptech and Consultants Limited	0.08%	58.17	0.18%	30.43	0.42%	(0.66)	0.00%	29.77
Non controlling interest in subsidiaries	0.64%	471.97	0.04%	7.00	0.05%	(0.09)	0.04%	6.91
Total	**100.00%**	**73,546.36**	**100.00%**	**17,249.57**	**100.00%**	**(156.78)**	**100.00%**	**17,092.79**

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(All amounts are in millions, unless otherwise stated)

Note 48: Related Party Disclosures

Associates / Enterprises owned or significantly influenced by key management personnel or their relatives.	
Manappuram Jewellers Limited	DT3 Advisory Pvt Ltd*
Manappuram Agro Farms Limited	Lions Coordination committee of India association
Manappuram Foundation	Finance Industry Development Council
Manappuram Health Care Limited	LICHFL Trustee Company Pvt Ltd*
Manappuram Construction and Properties Limited	FINTECH Products and Solutions (India)Pvt Ltd*
Manappuram Chit Funds Company Private Limited *	FINSEC AA Solutions Pvt Ltd*
MABEN Nidhi Limited*	Apax Partners India Private Limited
Manappuram Asset Finance Limited	Mukundapuram Educational Society
Manappuram Chits (Karnataka) Private Limited *	Orange Retail Finance India Private Limited*
Manappuram Chits India Limited *	JSW Industrial Gases Pvt Ltd*
Adlux Medicity and Convention Centre Private Limited*	Veritas Finance Private Limited*
MAFIN Enterprise *	NETAFIM Agricultural Financing Agency Pvt ltd*
Manappuram travels	VISTAAR Financial services Pvt Ltd*
Manappuram Chits *	SNST Advisories Pvt Ltd*
DTA Advisory Pvt Ltd*	Manappuram Group Gratuity Trust (Approved under IT Act)
DTB Advisory Pvt Ltd*	Spandana Sphoorty Financial Limited
Key Management Personnel	Mr. V P Nandakumar - Managing Director & CEO
	Mr.Jagdish Capoor - Chairman
	Mr. B.N Raveendra Babu - Non Executive Director
	Mrs. Bindhu AL - Chief Financial Officer
	Mr. Manoj Kumar VR - Company Secretary
	Mr.P.Manomohanan-Director
	Adv.V.R.Ramachandran-Director
	Mr.Gautam Ravi Narayan - Director
	Ms. Sutapa Banerjee-Director
	Abhijit Sen-Director
	Harshan Kollara-Director
	Shailesh J Mehta-director
	V R Rajiven (Cease to be a director from 19-10-2019)
Relatives of Key Management Personnel	Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)
	Mr. Sooraj Nandan (son of Mr. V P Nandakumar)*
	Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)
	Mr. Suhas Nandan (son of Mr. V P Nandakumar)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)*
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)*
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)*
	Mr.Benny V.L (Husband of Mrs. Bindu A L)*
	Ms. Jyothy Prasannan (sister of Mr. V P Nandakumar)
	Mrs Siji M.G (Wife of Mr Manoj Kumar V.R)

* No transactions with these related parties

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(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020
Commission to Directors	**-**	**-**	**106.00**	**53.13**	**0.20**	**0.10**
Mr. V.P.Nandakumar	-	-	75.00	35.00	-	-
Mr. Raveendra Babu	-	-	6.00	3.85	-	-
Mr.Abhijit Sen	-	-	4.80	1.91	-	-
Mr.Harshan Kollara	-	-	2.80	0.35	-	-
Mr.Jagdish Capoor	-	-	4.00	3.83	-	-
Mr.P Manomohanan	-	-	2.80	2.55	-	-
Mr.Shailesh J. Mehta	-	-	5.00	0.32	-	-
Mrs.Sutapa Banerjee	-	-	2.80	2.13	-	-
Mr.V R Rajiven	-	-	-	1.06	-	-
Mr.V.R. Ramachandran	-	-	2.80	2.13	-	-
Ms. Jyothy Prasannan	-	-	-	-	0.20	0.10
Sitting Fee to Directors:	**-**	**-**	**7.03**	**5.18**	**0.41**	**0.37**
Mrs. Sushama Nandakumar	-	-	-	-	0.13	0.13
Mr.Abhijit Sen	-	-	1.19	0.34	-	-
Mr.Harshan Kollara	-	-	0.53	0.04	-	-
Mr.Jagdish Capoor	-	-	0.70	0.87	-	-
Mr.P Manomohanan	-	-	1.24	0.93	-	-
Mr.Shailesh J. Mehta	-	-	0.55	0.04	-	-
Mrs.Sutapa Banerjee	-	-	0.81	0.92	-	-
Mr.V R Rajiven	-	-	-	0.36	-	-
Mr.V.R. Ramachandran	-	-	1.61	1.28	-	-
Mr. Raveendra Babu	-	-	0.40	0.40	-	-
Ms. Jyothy Prasannan			-	-	0.28	0.24
Remuneration to Directors	**-**	**-**	**76.41**	**96.54**	**-**	**-**
Mr. V.P.Nandakumar	-	-	75.00	84.38	-	-
Mr. Raveendra Babu	-	-	1.41	12.16	-	-

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(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020
Remuneration to other KMPs	**-**	**-**	**28.45**	**12.20**	**-**	**-**
Ms. Bindu A.L	-	-	10.32	9.17	-	-
Mr. Manoj Kumar V R	-	-	3.11	3.03	-	-
Mr. Raveendra Babu	-	-	15.02	-	-	-
Remuneration paid to Relative of KMP	**-**	**-**	**-**	**-**	**1.16**	**1.38**
Mr. Suhas Nandan	-	-	-	-	1.16	1.38
Travelling Expense paid	**1.59**	**39.58**	**-**	**-**	**-**	**-**
Manappuram Travels	1.59	39.58	-	-	-	-
Donation Paid	**31.55**	**12.10**	**-**	**-**	**-**	**-**
Manappuram Foundation	31.55	12.10	-	-	-	-
CSR Paid	**214.68**	**267.38**	**-**	**-**	**-**	**-**
Manappuram Foundation	214.68	267.38	-	-	-	-
Payment to	**261.76**	**206.62**	**-**	**-**	**-**	**-**
Lions Coordination committee of India Association	0.08	10.18	-	-	-	-
Manappuram Group Gratuity Trust	261.68	196.44	-	-	-	-
Rent Paid	**5.34**	**4.15**	**-**	**-**	**0.15**	**0.13**
Mr. Suhas Nandan	-	-	-	-	0.15	0.13
Manappuram Agro Farms Limited	5.34	4.15	-	-	-	-
Reimbursement of Rent & Expenses	**1.90**	**3.80**	**-**	**-**	**-**	**-**
Manappuram Foundation	1.90	3.80	-	-	-	-
Rent Received	**5.09**	**9.14**	**-**	**-**	**-**	**-**
Manappuram Jewellers Limited	0.38	0.43	-	-	-	-
Manappuram Agro Farms Limited	0.09	0.08	-	-	-	-
Manappuram Foundation	4.62	8.63	-	-	-	-
Electricity Charge Received	**0.56**	**0.85**	**-**	**-**	**-**	**-**

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Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020
Manappuram Jewellers Limited	0.42	0.61	-	-	-	-
Manappuram Foundation	0.07	0.16	-	-	-	-
Manappuram Agro Farms Limited	0.07	0.08	-	-	-	-
Other Income received	**0.01**	**-**	**-**	**-**	**-**	**-**
Manappuram Foundation	0.01	-	-	-	-	-
Subscription Fee paid	**0.05**	**0.05**	**-**	**-**	**-**	**-**
Finance Industry Development Council	0.05	0.05	-	-	-	-
Advertisement expense	**0.03**	**0.10**	**-**	**-**	**-**	**-**
Finance Industry Development Council	0.03	0.10	-	-	-	-
Fee Received for Legal, Audit,Technical,IT,secreterial services	**59.46**	**55.51**	**-**	**-**	**-**	**-**
Manappuram Construction & Consultants Ltd(Formerly known as Manappuram Construction & Properties Ltd)	54.79	54.97	-	-	-	-
Mukundapuram Educational and Cultural Society	0.03	0.03	-	-	-	-
Manappuram Foundation	4.64	0.51	-	-	-	-
Rent and other expenses received	**4.01**	**8.24**	**-**	**-**	**-**	**-**
Manappuram Foundation	4.01	8.24	-	-	-	-
Other Expenses paid	**2.51**	**-**	**-**	**-**	**-**	**-**
Manappuram Agro Farms Limited	0.92	-	-	-	-	-
Manappuram Construction and Consultants Limited	1.21	-	-	-	-	-
Manappuram Health Care Limited	0.37	-	-	-	-	-
Construction Expenses	**37.73**	**7.39**	**-**	**-**	**-**	**-**

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Related Party transactions during the year:						
Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020
Manappuram Construction and Consultants Limited	37.73	7.39	-	-	-	-
Interest Income	**8.05**	**35.94**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	3.39	2.66	-	-	-	-
Spandana Sphoorty Financial Limited	4.66	33.28	-	-	-	-
Investment in Pass through certificates (PTC's)	**-**	**58.52**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	-	58.52	-	-	-	-
Repayment of corporate loan from	**125.00**	**250.00**	**-**	**-**	**-**	**-**
Spandana Sphoorty Financial Limited	125.00	250.00	-	-	-	-
Sale of Asset						
Mrs Sumitha Jayshankar	-	-	-	-	0.55	-
Balance outstanding as at the year end:						
Security Deposit	**0.99**	**0.42**	**-**	**-**	**-**	**-**
Manappuram Foundation	0.79	0.19	-	-	-	-
Manappuram Jewellers Limited	0.16	0.19	-	-	-	-
Manappuram Agro Farms Limited	0.04	0.04	-	-	-	-
Investment in Pass through certificates (PTC's) Outstanding	**14.38**	**38.23**	**-**	**-**	**-**	**-**
Manappuram Asset Finance Limited	14.38	38.23	-	-	-	-
Corporate loan outstanding	**-**	**125.00**	**-**	**-**	**-**	**-**
Spandana Sphoorty Financial Limited	-	125.00	-	-	-	-
Sundry Receivable	**10.00**	**4.47**	**-**	**-**	**-**	**-**

(All amounts are in millions, unless otherwise stated)

Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020	As at 31st March, 2021	As at 31st March , 2020
Mukundappuram Education and Cultural Society	0.00	0.01	-	-	-	-
Manappuram Construction and Consultants Limited	8.18	4.46	-	-	-	-
Manappuram Foundation	1.82	-	-	-	-	-
Amounts receivable (net) from related parties	**1.97**	**6.97**	**-**	**-**	**-**	**-**
Manappuram Construction and Consultants Limited	1.82	6.82	-	-	-	-
Manappuram Jewellers Limited	-	0.12	-	-	-	-
Manappuram Agro Farms Limited	-	0.03	-	-	-	-
Manappuram Asset Finance Limited	0.15	-	-	-	-	-
Commission Payable	**-**	**-**	**2.00**	**-**	**-**	**-**
Mr. Abhijit Sen	-	-	1.00	-	-	-
Mr. T.M. Manoharan	-	-	1.00	-	-	-
Performance incentive payable	**-**	**-**	**6.00**	**-**	**-**	**-**
Mr. BN Raveendra Babu	-	-	6.00	-	-	-
Amounts payable (net) to related parties	**8.01**	**4.00**	**81.00**	**24.91**	**-**	**-**
Mr. V.P.Nandakumar	-	-	75.00	22.44	-	-
Mr. Raveendra Babu	-	-	6.00	2.47	-	-
Manappuram Construction and Consultants Limited	6.79	3.54	-	-	-	-
Manappuram Travels	0.89	0.46	-	-	-	-
Manappuram Agro Farms Limited	0.33	-	-	-	-	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) 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.

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Note 49: Fair Value measurement

49.1 Valuation principles

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

49.2 Valuation governance

The Group's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

49.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis								
Derivative financial instruments	-	-	-	-	-	-	-	-
Cross Currency Swaps	-	79.25	-	92.78	-	592.87	-	592.87
Forward Rate Agreements	-		-	-	-	777.10	-	777.10
Total derivative financial instruments	**-**	**79.25**	**-**	**92.78**	**-**	**1,369.97**	**-**	**1,369.97**
Financial investment held for trading								
Equity Shares	0.22	-	-	0.22	0.12	-	-	0.12
Total financial investment held for trading	**0.22**	**-**	**-**	**0.22**	**0.12**	**-**	**-**	**0.12**
Total assets measured at fair value on a recurring basis	**0.22**	**79.25**	**-**	**93.00**	**0.12**	**1,369.97**	**-**	**1,370.09**
Assets measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a recurring basis								
Derivative financial instruments	-	-	-	-	-	-	-	-
Forward contracts	-	(439.03)	-	(439.03)	-	-	-	
Total derivative financial instruments	**-**	**(439.03)**	**-**	**(439.03)**	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a non-recurring basis	**-**	**(439.03)**	**-**	**(439.03)**	**-**	**-**	**-**	**-**

49.4 Valuation techniques

Equity instruments

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Group uses prices from prior transactions without adjustment to arrive at the fair value. Prior transaction represents the price at which same investment was sold in the deal transaction.

Cross Currency Swaps

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations

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by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Interest rate derivatives

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Movements in Level 3 financial instruments measured at fair value

There are no Level 3 financial assets and liabilities which are recorded at fair value.

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

Particulars	Level	Carrying Value		Fair Value	
		31 st March, 2021	31 st March 2020	31 st March, 2021	31 st March 2020
Financial assets					
Cash and cash equivalents	2	25,482.10	32,955.23	25,482.10	32,955.23
Bank Balance other than above	2	3,642.08	3,712.53	3,642.08	3,712.53
Receivables	3	25.69	24.77	25.69	24.77
Loans	3	2,65,076.11	2,42,970.83	2,65,076.11	2,42,970.83
Investments	1		-	0.12	-
Investments	3	3,380.11	904.83	3,310.16	904.83
Derivative financial instruments	2	-	1,369.97	-	1,369.97
Other Financial assets	2	3,625.60	2,591.96	3,625.60	2,591.96
Other Financial assets	3	4.42	38.28	4.42	38.28
Total financial assets		**3,01,236.11**	**2,84,568.39**	**3,01,166.28**	**2,84,568.39**
Financial Liabilities					
Derivative financial instruments	2	359.78	-	359.78	-
Payables	2	1,242.03	1,088.94	1,242.03	1,088.94
Debt Securities	2	1,12,824.00	80,555.04	1,12,824.00	80,555.04
Borrowings (other than debt security)	2	1,12,142.13	1,43,946.26	1,12,142.13	1,43,946.26
Deposits	2	0.70	0.10	0.70	0.10
Subordinated Liabilities	2	2,195.79	1,233.77	2,195.79	1,233.77
Other Financial liabilities	2	3,384.78	1,932.27	3,384.78	1,932.27
Total Financial Liabilities		**2,32,149.21**	**2,28,756.38**	**2,32,149.21**	**2,28,756.38**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

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

Loans and advances to customers

Fair value of Loans estimated using a discounted cash flow model on contractual cash flows using actual/estimated yields

Borrowings

The floating rate loans are fair valued on the basis of MCLR+spread. For fixed rate loans, the carrying values are a reasonable approximation of their fair value.

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Note 50: Risk Management

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial institution, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes Credit, Liquidity, Market and Operational Risks. Group's goal in risk management is to ensure that it understands measures and monitors the various risks that arise and the organization adheres strictly to the policies and procedures which are established to address these risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The Board of Directors of the Group are responsible for the overall risk management approach, approving risk management strategies and principles. Risk Management Committee of the Board reviews credit, operations and market risks faced by MAFIL periodically. Group has appointed a Chief Credit Officer who reports to MD & CEO and presenting risk related matters to Risk Management Committee and the Board.

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

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. As the Group predominantly lend against gold jewelry, which are liquid securities, its credit risks are comparatively lower. Its other verticals, Micro Finance, Vehicle Finance, Micro loans etc. have significant credit risk.

Appraisal Risk: The borrowers are awarded risk grades and only eligible borrowers are financed. Besides continuous training of employees through digital media, Credit officers are imparted on the job and class room training on a continuous basis. Credit appraisal processes are being reviewed regularly by Credit Monitoring teams and credit auditors and more risk filters are added whenever necessary.

Collection risk: As the gold ornaments are liquid, collection in gold portfolio attaches minimal risks. We have developed a team of trained Relationship Managers and sales staff for continuous engagement with the borrowers under verticals like Micro Finance, Vehicle Finance, Housing loans, Micro loans etc. to ensure timely payment of their dues. Collection efficiency of verticals are being monitored closely by the Senior Management.

Concentration risk: As on 31st March, 2021, our gold loan portfolio is 73% of the total AUM (Asset Under Management). Gold loans are granted against liquid securities for short period which substantially insulates from credit risk and liquidity risk. We have already diversified into Home Finance, Commercial Vehicles, Microfinance and budget to grow the new verticals so as to contain our exposure to gold to 50% of the total AUM in ten years.

Our geographical presence is largely in the southern India. We are now giving thrust for opening new branches in north and north eastern states which have high growth potentials. A geographical exposure limit will be fixed when operations of the new branches are stabilised.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Minimize losses due to defaults or untimely payments by borrowers
- Design appropriate credit risk mitigation techniques

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

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

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

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

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Exposure at Default (EAD)

The outstanding balance at the reporting date (adjusted for subsequent realisations in the case of Gold Loan), is considered as EAD by the Group.

The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past 5 years. For those pools where historical information is not available, the PD default rates as stated by external reporting agencies is considered.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that there are certain adjustments on account of impact of COVID 19 are required in the form of temporary overlays (Refer Note 8). Post management overlay, the PD percentages are mentioned below:

A) Manappuram Finance Limited

	31st March, 2021			31st March, 2020		
Pools	**Stage I**	**Stage II***	**Stage III**	**Stage I**	**Stage II**	**Stage III**
1) Gold Loan - Normal Risk**	12.08%	12.08%	100.00%	13.85%	13.85%	100.00%
2) Vehicle Loan						
CV	4.88%	8.64%	100%	2.68%	4.83%	100.00%
FE	1.19%	3.19%	100%			
CAR	4.44%	8.44%	100%			
TW	5.10%	5.10%	100%			
3) SME Loan	7.73%	27.23%	100.00%	6.36%	29.99%	100.00%

* Excluding restructured loans, where in Vehicle loan Stage II restructured loans for CV - 24.79% and CAR - 32.49% as at March 31, 2021.

4) Onlending, Corporate Finance and Project and Industrial Finance Loan, external ratings or internal evaluation with a management overlay for each customer.

5) Personal Loans and other verticals, external ratings or internal evaluation with a management overlay for each customer industry segment.

** Excludes portfolio where PD has been considered at 100%

In case of Gold loans, incremental NPA is considered after taking into account auctions during the year since in such cases is auctioned and total dues are recovered even before the account turns NPA. In case of Gold Loan the Loan To Value(LTV), at the time of disbursement is below 75% (As per the RBI norms) and the remaining value (25%) of asset held by the Group acts as a margin of safety , protecting the Group against volatility in asset price. TV is one of the factor for gradation of risk. Also it reflects in the fixing of interest rates of each type of loans/ schemes. Normally fixing higher interest rate for loans having higher LTV% and vice versa.

B) Asirvad Micro Finance Limited

	31st March, 2021			31st March, 2020		
Pools	**Stage I**	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
1) Micro Finance Loans	1.52%	35.00%	100.00%	1.00%	1.00%	100.00%
2) SME loans	2.75%	2.75%	100.00%	2.75%	2.75%	100.00%
3) MSME loans	0.40%	0.40%	100.00%	0.40%	0.40%	100.00%

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(All amounts are in millions, unless otherwise stated)

C) Manappuram Home Finance Limited

Pools	31st March, 2021			31st March, 2020		
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III
1) Construction	0.88%	7.22%	100.00%	1.11%	7.54%	100.00%
2) Ready to use House	3.77%	30.65%	100.00%	3.90%	24.33%	100.00%
3) Home Improvement	3.33%	21.13%	100.00%	8.15%	44.84%	100.00%
4) Home Extension	3.85%	24.01%	100.00%	1.64%	10.94%	100.00%
5) Balance Transfer & Top-Up	2.85%	18.33%	100.00%	3.14%	20.03%	100.00%
6) LAP	2.44%	20.55%	100.00%	2.92%	18.72%	100.00%

Loss Given Default

The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occurred. In estimating LGD, the Group reviews macro-economic developments taking place in the economy.

A) Manappuram Finance Limited

	31st March, 2021	31st March, 2020
1) Gold Loan	2.43%	1.76%
2) Vehicle Loan		
CV	46.39%	42.88%
FE	48.83%	
CAR	35.40%	
TW	40.40%	
3) SME Loan	25.05%	30%
4) Other Loans	60%	60%
5) Personal Loans	65%	65%

B) Asirvad Micro Finance Limited

	31st March, 2021			31st March, 2020
	Stage I	Stage II	Stage III	
1) Micro Finance Loans	80.45%	100.00%	100.00%	100.00%
2) SME loans	100.00%	100.00%	100.00%	100.00%
3) MSME loans	100.00%	100.00%	100.00%	100.00%

C) Manappuram Home Finance Limited	31st March, 2021	31st March, 2020
Portfolio	25.52%	21.88%
1) Construction	25.52%	21.88%
2) Ready to use House	25.52%	21.88%
3) Home Improvement	25.52%	21.88%
4) Home Extension	25.52%	21.88%
5) Balance Transfer & Top-Up	25.52%	21.88%
6) LAP	25.52%	21.88%

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LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. LGD rates for SME, Onlending and other loans is considered based on proxy FIRB rates for secured loans.

In estimating LGD, the Group reviews macro-economic developments taking place in the economy. Based on internal evaluation, Group has provided a management overlay in LGD computed for Vehicle and SME portfolios.

The Group has applied management overlays to the ECL Model to consider the impact of the Covid-19 pandemic on the provision. The adjustment to the probability of default has been assessed considering the likelihood of increased credit risk and consequential default due to the pandemic. The impact on collateral values is also assessed for determination of adjustment to the loss given default and reasonable haircuts are applied wherever necessary. Days past due has been computed after excluding the moratorium as specified in various RBI circulars, for the aforesaid classification into Stage I, Stage II and Stage III loans.

As part of the management overlays, as per the approved ECL policy, the management has adjusted the underlying PD as mentioned above and in case of corporate loan by downgrading the ratings to one level lower) and LGD as computed by ECL Model as mentioned above depending on the nature of the portfolio/borrower, the management's estimate of the future stress and risk and available market information. Refer note 8 to the financial statements.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Group's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the group. It is necessary for Group to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Group to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Group.

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

Liquidity Risk

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

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

(All amounts are in millions, unless otherwise stated)

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	0 to 7 days	8 to 14 days	Over 14 days to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Borrowings	648.47	1,369.24	8,137.83	1,676.81	27,529.76	14,160.37	19,016.68	32,753.70	5,998.09	402.36	1,11,693.29
Foreign Currency Term Loan	1.82	-	-	-	-	-	-	1,027.33	-	-	1,029.15
Debt Security	343.21	-	0.92	890.55	3,386.75	4,412.91	32,930.21	60,131.88	3,590.13	5,872.54	1,11,559.10
Subordinated Debts	2.53	0.10	4.24	3.55	0.64	6.29	24.92	1,170.69	-	982.83	2,195.79
Securitisation	-	42.93	264.49	154.71	114.38	108.07	-	-	-	-	684.59
Advances	7,328.57	9,920.68	21,397.02	42,995.53	47,209.55	66,438.22	37,435.26	26,455.84	2,203.57	4,376.43	2,65,760.68

Maturity pattern of assets and liabilities as on 31 March 2020:

Particulars	0 to 7 days	8 to 14 days	Over 14 days to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Borrowings	6,242.21	83.02	17,386.11	12,570.19	15,561.86	24,862.16	25,719.11	36,041.12	5,267.28	213.18	1,43,946.26
Foreign Currency Term Loan	1.82		-	-	-	-	-	1,060.96	-	-	1,062.78
Debt Security	-	-	-	9,966.24	9,394.16	747.69	6,470.41	48,816.98	4,348.40	811.16	80,555.04
Subordinated Debts	-	0.26	0.45	0.40	1.77	4.92	30.25	1,045.73	150.00	-	1,233.77
Advances	10,845.00	12,479.80	33,335.54	44,213.03	72,199.01	20,926.20	22,174.16	20,468.70	2,014.58	4,314.82	2,42,970.83

*Amount represents net balance after the adjustments on account of Indian Accounting Standards

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Market Risk

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

Foreign Exchange Risk (Forex Risk)

Forex risk is a risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the Group. Any appreciation/depreciation of the base currency or the depreciation/appreciation of the denominated currency will affect the cash flows emanating from that transaction. Group has fully hedged the forex risk by derivative instruments.

Interest Rate Risk

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

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

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

Price Risk

The Group's exposure to price risk is not material. The drop in gold prices is unlikely to have a significant impact on asset quality of the Group since the disbursement LTV is below 75% and average portfolio LTV as on the reporting period was 62% to 65% only. However the sustained decrease in market price may cause for decrease in the size of our Gold Loan Portfolio and the interest income. Management monitors the gold prices and other loans on regular basis.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. Risk Management Committee comprising representatives of the Senior Management, reviews matters relating to operational and business risk, including corrective and remedial actions as regards people and processes.

Note 51: Details of Financial Assets sold to Securitisation Company

Manappuram Finance Limited :

Particulars	31st March, 2021	31st March, 2020
(i) No of SPVs sponsored by the NBFC for securitisation transactions	-	1
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	-	307
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	-	37
(iv) Amount of exposures to securitisation transactions Other than MRR as on the date of Balance sheet	-	-

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Particulars	31st March, 2021	31st March, 2020
Total number of loan assets securitized during the year	-	17,616
Book value of loan assets securitized during the year	-	485
Sale consideration received during the year	-	427
Vehicle Loans Subordinated as Credit Enhancement on Assets Derecognised	-	58
Gain / (loss) on the securitization transaction recognised in P&L	-	-
Gain / (loss) on the securitization transactions deferred	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	34	34
Quantum of Credit Enhancement as at year end	34	34
Interest spread Recognised in the Statement of Profit and Loss during the Year	-	14

Asirvad Micro Finance Limited

Particulars	31st March, 2021	31st March, 2020
(i) No of SPVs sponsored by the NBFC for securitisation transactions		
a. Through Direct assignment	14	13
b. Through PTC	8	17
Total	**22**	**30**
(ii) Total amount of securitised assets as per books of the SPVs Sponsored		
a. Through Direct assignment	8,580.16	10,724.62
b. Through Pass through Certificates	682.27	6,041.21
Total	**9,262.43**	**16,765.83**
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others		
b) On-balance sheet exposures		
- First loss		
a. Direct Assignment	-	-
a. Pass through Certificates	-	-
- Others	1,547.62	2,692.90
	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR	-	-
a) Off-balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
First loss	-	-
a) Direct Assignment	-	-
b) Pass Through certificates	-	-
Loss	-	-

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Particulars	31st March, 2021	31st March, 2020
ii) Exposure to third party securitisations	-	-
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
i) Exposure to own securitisations	-	-
First loss	514.90	992.47
Others	-	-
ii) Exposure to third party securitisations	-	-
First loss	-	-
Others		

Details of Financial Assets sold to Securitisation Company

Particulars	31st March, 2021	31st March, 2020
Total number of loan assets securitized during the year	**17,543.00**	**1,01,647.40**
a.Through Direct assignment (no. of accounts)	17,543.00	69,176.20
b. Through PTC (no. of accounts)	-	32,471.20
Book value of loan assets securitized during the year	**444.43**	**2,057.00**
a.Through Direct assignment	444.43	1,405.93
b. Through PTC	-	651.07
Sale consideration received during the year	**400.00**	**1,864.51**
a.Through Direct assignment	400.00	1,274.64
b. Through PTC	-	589.88
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised	**44.43**	**192.48**
a.Through Direct assignment	44.44	131.29
b. Through PTC	-	61.19
Gain / (loss) on the securitization transaction recognised in P&L	-	-
a.Through Direct assignment	-	-
b. Through PTC	-	-
Gain / (loss) on the securitization transactions deferred	-	-
a.Through Direct assignment	-	-
b. Through PTC	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	**-**	**99.25**
a.Through Direct assignment	-	-
b. Through PTC	-	99.25
Quantum of Credit Enhancement as at year end	**-**	**99.25**
a.Through Direct assignment	-	-
b. Through PTC	-	99.25
Interest spread Recognised in the Statement of Profit and Loss during the Year	**71.48**	**125.91**
a. Through Direct assignment	71.48	125.91
b. Through PTC	-	-

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Details of assignment transactions

Manappuram Finance Limited

Particulars	31st March,2021	31st March, 2020
(i) Number of Accounts	-	1,642
(ii) Aggregate value (net of provisions) of accounts sold	-	1,088.57
(iii) Aggregate consideration	-	1,088.57
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

Asirvad Micro Finance Limited

Particulars	31st March,2021	31st March, 2020
(i) Number of Accounts	1,75,430	6,91,762
(ii) Aggregate value (net of provisions) of accounts sold	400	1,275
(iii) Aggregate consideration	400	1,275
(iv) Aggregate consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value (As Per Ind AS)	71	126

Note 52: Segment reporting

Sl.No	Particulars	Year Ended	
		31st March ,2021	31st March, 2020
1	**Segment revenue**		
	Gold loan and others	52,974.44	44,497.48
	Microfinance	10,771.80	11,014.40
	Total Segment revenue	**63,746.24**	**55,511.88**
2	**Segment results (Profit before tax)**		
	Gold loan and others	22,853.60	16,969.98
	Microfinance	306.80	3,103.00
	Total Segment results	**23,160.40**	**20,072.98**
3	**Segment assets**		
	Gold loan and others	2,55,194.47	2,42,135.01
	Microfinance	58,183.34	53,215.80
	Total Segment assets	**3,13,377.81**	**2,95,350.81**
4	**Segment liabilities**		
	Gold loan and others	1,92,202.45	1,94,486.27
	Microfinance	47,629.00	42,820.60
	Total Segment liabilities	**2,39,831.45**	**2,37,306.87**

Notes

to Consolidated Financial Statements for the Year ended 31st March, 2021

(All amounts are in millions, unless otherwise stated)

Note 53: Fraud

During the year there have been certain instances of fraud on the Holding Company by officers and employees where gold loan related misappropriations / cash embezzlements /burglaries have occurred for amounts aggregating an amount of ₹ 142.24 (31st March, 2020: ₹ 78.33) of which the Company has recovered ₹ 17.23 (31st March, 2020: ₹ 0.06). The Holding Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Holding Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Holding Company has created provision aggregating to ₹ 125.00 (31st March, 2020: ₹ 73.30) towards these losses based on its estimate.

Note 54: 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 31st March, 2021.

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

G.K. Subramaniam	**V.P. Nandakumar**	**B. N. Raveendra Babu**
Partner	Managing Director & CEO	Non Executive Director
Membership No: 109839	DIN: 00044512	DIN: 00043622
	Bindu A.L	**Manoj Kumar V.R**
	Chief Financial Officer	Company Secretary
Place: Mumbai	Place: Valapad, Thrissur	
Date: 26th May, 2021	Date: 26th May, 2021	

Corporate Information

Registered Office/Corporate Office
IV/470a (Old) W/638 (New)
Manappuram House
Valapad P.O, Thrissur - 680567, Kerala
Tel: 0487-3050100-108
E-mail: cosecretary@manappuram.com
Website: www.manappuram.com

Corporate Office (Annexe)
MANAPPURAM FINANCE LIMITED
A-Wing, 3rd Floor, Unit No 301 To 315
Kanakia Wall Street, Andheri Kurla Road
Andheri East, Mumbai,
Maharashtra - 400093
Tel: 022 26674311

Chairman
Mr. Jagdish Capoor

Managing Director and CEO
Mr. V.P. Nandakumar

Board Members
Mr. B.N. Raveendra Babu

Other Members
Adv. V.R. Ramachandran
Mr. P. Manomohanan
Dr. Shailesh J. Mehta
Mr. Harshan Kollara
Mr. Abhijit Sen
Miss. Sutapa Banerjee
Mr. Gautam Narayan
Mr. S.R. Balasubramanian

Chief Financial Officer
Ms. Bindhu A.L.

Company Secretary
Mr. Manoj Kumar V.R.

Registrar and Share Transfer Agents - Shares
S.K.D.C. Consultants
Limited, Category I Registrar and Share Transfer Agents, "Surya"
35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam
Road Coimbatore – 641028, TN India
Phone: +91 422 4958995,2539835-836
Email: info@skdc-consultants.com

Registrar and Transfer Agent - Debentures
Link Intime India Private Limited
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Mumbai - 400083
Tel: + 91 022 49186000

Debenture Trustees
VISTRA ITCL (India) Limited
(Formerly known as IL&FS Trust Company Limited)
The IL&FS Financial Center
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Fax: +91 22 26533297
E-Mail: mumbai@vistra.com

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Kerala - 682016, India

Secretarial Auditor
KSR and Co Company Secretaries LLP
'Indus Chambers', Ground Floor
No. 101, Govt. Arts College Road
Coimbatore - 641018
Tel: 0422-2305676, 2302867

Bankers/ Financial Institutions
Axis Bank
Federal Bank
HDFC bank
ICICI Bank
IDBI Bank
Kotak Mahindra Bank
Karnataka Bank
Punjab National Bank
South Indian Bank
State Bank of India
IndusInd Bank
Union Bank of India
Bank of Baroda
Catholic Syrian Bank
UCO Bank
Qatar National Bank
RBL Bank Limited
Canara Bank
Indian Bank
Dhanlaxmi Bank
NABARD
Karur Vysya Bank
International Finance Corporation
SBI Life Insurance
Yes Bank
Woori Bank
Central Bank of India
Bajaj Finance

MANAPPURAM
FINANCE LIMITED
Make Life Easy

REGISTERED OFFICE
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