



A home for everyone

ANNUAL REPORT 2016 -17

BOARD'S REPORT

To,
The Members
Manappuram Home Finance Private Limited

Your Directors are pleased to present the 7th Annual Report on the working of the Company with the Audited Accounts and the Report of the Auditors for the financial year ended March 31, 2017.

Description	2016-17	2015-16
Total Revenue	36,83,64,946	9,86,23,034
Profit / (Loss) Before Tax	(70,27,007)	(5,38,03,015)
Provision for Taxes/Deferred tax	36,75,070	0
Net Profit / (Loss)	(107,02,077)	(5,38,03,015)
Profit / (Loss) b/f from previous years	(563,12,894)	(25,09,879)
Amount available for appropriations	(670,14,971)	(563,12,894)
Less: Transfer to Special Reserve (Under section 29C of the NHB Act, 1987)	0	0
Less: Proposed dividend tax	0	0
Balance carried forward to next year	(670,14,971)	(5,63,12,894)

During the year under review, Company has achieved AUM of Rs 310.01 Crores by the end of FY 2016-17 spreads over 35 branches. The total revenue stands to Rs. 36.83 Crores includes income from other sources comes to Rs1.10 Crores which is in the form of dividend from mutual Fund. Net Owned Fund (NOF) stood at Rs 93.38 Crores as on 31st March 2017.

Outlook for 2017-18

Company expects the demand for affordable housing to remain healthy, supported by a growing population, young demographic profile, shift towards nuclear families and rapid urbanisation. Given the wide disparity in household income in the country and the high real estate prices, which act as a

For Manappuram Home Finance (P) Ltd.

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V. P. Nandakumar
Chairman

deterrent for buyers, a predominant share of this demand would be concentrated in the low cost and affordable housing segments. While the demand for low cost and affordable housing segments has been healthy, the supply has been limited with these segments largely being catered to by the Government undertakings or the smaller and unorganised developers. This, in-turn, has resulted in an acute shortage of housing in the low cost and affordable housing segments. In addition to the large untapped market, the affordable housing segment benefits from a stable demand scenario, driven by home buyers rather than investors. Moreover, the demand for affordable housing segment remains largely stable during the period of downturn as well.

2. Dividend

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

3. Raising of Additional Capital

No additional capital raised by the Company during the 2016-17 year under review. The Authorised and paid up share capital stood at Rs.100,00,00,000/- as on 31st March 2017.

4. Reserves

During the year the company has incurred a loss of around Rs.1.07cr, hence has not transferred any amount to Special Reserve as per section 29C of the NHB Act, 1987.

5. Acceptance of Deposits

The company being a non deposit taking Housing Finance Company (HFC) has not accepted public deposit during the year.

6. Compliance with Directions/Guidelines of National Housing Bank (NHB)

Your Company has adhered to the prudential guidelines issued by the National Housing Bank (NHB) under its Directions 2010, as amended from time to time.

Your Company has complied with the Guidelines and Directions issued by the NHB on Investments, Fair Practices Code and Customer Complaints Redressal Mechanism, Know Your Customer (KYC) and Anti Money Laundering Guidelines and other related aspects.

7. Directors

Retirement of Directors by Rotation

Dr.Sumitha Jayasankar, Director of the company whose period of office is liable to be determination by retirement by rotation and offers himself for reappointment.

8. Auditors

M/s S. R. Batliboi & Associates, Chartered Accountants, Firm Registration Number- 101049W, TIDEL Park, 6th and 7th Floor - A Block , Module 601, 701-702, No. 4 Rajiv Gandhi Salai, Taramani , Chennai 600 113, India, Limited Liability Partnership (LLP) by registration under the Limited Liability Partnership Act 2008 who hold office up to the conclusion of the ensuing Annual General Meeting scheduled on August 09th 2017, have shown their unwillingness to continue as the Auditors of the Company from FY 17-18. In view of this Company needs to appoint the statutory Auditors and therefore the Company has sent a proposal to M/s Deloitte

For Manappuram Home Finance (P) Ltd.


V. P. Nandakumar
Chairman

Haskins & Sells, Chartered Accountants Firm Registration Number-117366W, 12, Dr. Anni Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai-400018 for appointing them as our statutory auditors of the Company for the financial year 17-18. Wherein M/s Deloitte Haskins & Sells, Chartered Accountants Firm Registration Number-117366W has confirmed their willingness and eligibility under the provisions of the Companies Act 2013 to be statutory Auditors of the Company, which is subject to approval of the shareholders.

9. Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return, as provided under Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, are annexed as part of this Board's Report (**Annexure-1**)

10. Director & KMP changes

Mr. Nandakumar Puthezhath, resigned from the Board of the Company on 05th October 2016 and in the same Board, Mr. M. Narendra joined as an Independent Director. However he discontinued from the same on 09th November 2016. On 02nd February 2017, Mr. Jeevandas Narayan, Ex-~~MD~~^{an} of State Bank of Travancore appointed as ^aadditional Director. In the Board Meeting held on 20th May 2017, re-designated as the Managing Director of the Company subject to the approval of the Shareholders and on 25th May 2017, in the Extra ordinary General Meeting Shareholders approved the same.

11. Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

12. Corporate Governance

The National Housing Bank, vide Notification No. NHB.HFC.CGDIR. 1/MD&CEO/2016 dated 9th February 2017, has mandated all the Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies- Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed the internal guidelines on Corporate Governance which have been hosted in the Company's website www.manappuramhomefin.com. The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard. The Directors present below a detailed review of the Company's policies and practices on Corporate Governance.

a) Board of Directors

The composition of the Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and the Rules made there under. The Company's Board has a combination of Independent and Non Independent Directors with expertise and experience in the field of banking, finance, operations management, engineering, auditing and/or accounting. As on 31st March 2017, the Company's Board consisted of 6 Directors. Brief details on name of the Director, category, number of directorships, meeting and attendance etc are given below:-

For Manappuram Home Finance (P) Ltd.

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V. P. Nandakumar
Chairman

Name of Director & DIN	Category of Directors	Total no of meetings	No. of Meetings Attended	Details of membership in Committees of the Board *		Number of Directorships Companies**	
				Chairman	Member	Chairman	Member
Mr. V. P Nandakumar Chairman DIN:00044512	Promoter & Non-Executive	6	6	-	3	-	12
Mr. Shailesh J. Mehta DIN:01633893	Independent & Non Executive	6	6	1	4	-	7
Mr. Gautam Saigal DIN:00640229	Non Independent & Non Executive	6	5	-	3	-	2
Dr Sumitha Jayasankar DIN:03625120	Non Executive	6	6	-	-	-	1
Mr. T.Balakrishnan DIN:00052922	Independent Non-Executive	6	-	-	4	-	10
Mr Nandakumara Puthezhath DIN:02547619	Independent & Non-Executive	2	1	-	-	-	-
Mr.M.Narendra DIN:00536905	Independent Non-Executive	1	1	1	-	-	1
Mr. Jeevandas Narayan DIN:07656546	Independent Non-Executive	2	2	-	-	-	1

b). Number of meetings of the Board

During the year ended 31st March 2017, Board met six times as noted below:-

11.05.2016	09.11.2016
08.08.2016	02.02.2017
05.10.2016	15.03.2017

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V. P Nandakumar
Chairman

c) Disclosure on Composition of Audit Committee

The Company has constituted an Audit Committee in accordance with Section 177 of the Companies Act, 2013, with Mr. Shailesh J Mehta as Chairman (Non Executive & Independent) & Mr. Gautam Saigal (Non Executive Non Independent) and Mr.T.Balakrishnan (Non Executive & Independent), as Members. The Audit Committee acts in accordance with the Terms of Reference as approved by the Board and as per the Policy on Internal Guidelines on corporate Governance.

Audit Committee has met five times during FY-2016-17 and all the recommendations made by the Committee to the Board were duly accepted. Details of the meeting along with the attendance of the members are as follows:-

Name of Directors	AUDIT COMMITTEE DATES				
	11-05-2016	08-08-2016	09-11-2016	02-02-2017	15-03-2017
Shailesh J Mehta, Chairman	✓	✓	✓	✓	✓
Gautam Saigal--Member	✓	✓	✓	✓	✓
T.Balakrishnan-Member	✓	✓	✓	✓	✓

The brief description of the scope of the Audit Committee Charter are as follows:-

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- Examination of the financial statements and the Auditor's report thereon;
- Review and evaluation of the effectiveness and adequacy of the internal financial control and risk management systems of the Company
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and auditors to focus on any significant area of concern and to ensure expeditious rectification of short comings, if any, noticed;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary; and

d) Disclosure on Composition of Nomination Compensation and Corporate Governance Committee

The Company has constituted NCCGC in accordance with Section 178 of the Companies Act, 2013 with Mr. T.Balakrishnan as Chairman, Mr V.P.Nandakumar & Mr.Shailesh J Mehta-as Members.

The NCCG Committee acts in accordance with the Terms of Reference made by the Board and as per the Policy on Internal Guidelines on corporate Governance.

NCCGC has met Four Times during FY-2016-17.Details of the meeting attended by the members are as under:-

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V. P. Nandakumar
Chairman

Members	NOMINATION COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE DATES			
	11-05-2016	05-10-2016	02-02-2017	15-03-2017
T.Balakrishnan,Chairman	✓	✓	✓	✓
V.P.Nandakumar	✓	✓	✓	✓
Nandakumaran puthezhath	A	-	-	-
M.Narendra	-	✓	-	-
Jeevandas Narayan	-	-	✓	✓

The brief description of the scope of the Committee are as follows:-

- Identifying persons who are qualified to become Directors and those who may be appointed in senior management;
- Undertaking the process of due diligence to determine the suitability of Directors based upon qualification, track record, integrity and other fit and proper criteria and recommending the Director's appointment and continuation as a Director
- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Ensuring that such persons meet the relevant criteria prescribed under applicable laws;
- Reviewing the said criteria annually
- Fixing / re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and
- Approving the remuneration / any change therein of the managerial personnel of the Company when there are no profits / inadequate profits / negative effective capital as per Schedule V to the Companies Act, 2013.

e) Asset Liability Management Committee

The Company has constituted an Asset Liability Management Committee (ALCO). The Committee, functions under the supervision of the Board and within the regulatory framework.

The Committee will, *inter-alia*, specifically oversee the following:

- a) Compliance with NHB Directions/Guidelines for Asset Liability Management
- b) Debt Composition and plan of the Company for fund raising
- c) Tenor of the Liabilities.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of MAHOFIN to :

- a. Ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-14 and 15-31 days bucket, which would indicate the structural liquidity.

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Chairman

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

f) Risk Management Committee

The Company has constituted risk management Committee to review the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The Committee meets periodically and reports to the top Management and Board. Committee shall function as per the charter of Risk Management Committee. Member representing risk department has made quarterly presentation on the Risk management.

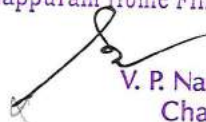
Composition of Committee:

Name of the Member	Position	Category
Mr. Shailesh J Mehta	Chairman	Independent Director
Mr.T.Balakrishnan	Member	Independent Director
Mr.Gautam Saigal	Member	Non-Executive Director
Mr.Aloke Ghosal	Member	CEO
Mr.Vipul Patel	Member	CFO
Head – Risk Management Department		

The broad responsibilities of the Risk Management Department are:

- i) Implementing the Risk Management Policy as approved by the Board of Directors. Reviewing the provisions of the policy periodically and recommending to the Board of Directors appropriate modifications or improvements if required.
- ii) Provide a methodology to identify, quantify and analyze the company's exposure to loss arising out of probable uncertain event.
- iii) Instilling a culture of risk awareness across the length and breadth of the organization.
- iv) To develop and update a complete system for recording, monitoring, and communicating the organization's risk exposure/issues to Top Management and Board/Committee of Board.
- v) Designing or assist in the designing of work processes or activities having risk implications, getting them approved, assisting in implementation of the processes and engaging in periodical review of the effectiveness of such processes.
- vi) Development of 'models' for assessment of loss in projected circumstances. Limiting unfavourable outcome by containing risks and suggesting mitigation therefore.

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Chairman

g) Investment Committee

The Company has also constituted Investment Committee to consider safety, liquidity, credit risk, Interest Rate Risk and yield of the investment while making investments. The Investment Committee shall function as per the Investment Credit Committee Charter. Committee consisting of the following members:

Name of the Member	Position	Category
Mr. V.P.Nandakumar	Chairman	Chairman
Mr.Aloke Ghosal	CEO	Member
Mr.Vipul Patel	Chief Financial Officer	Member

The investment portfolio will be managed by the Chief Financial Officer, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for MAHOFIN.

h) Management Committee

The Company has constituted the management Committee for assisting the Board in the day to day operations and for the smooth functioning of the company on 29th October 2014. A committee of the Board and CEO is to be constituted and shall be responsible for overseeing and dealing with operational matters from time to time. The committee shall meet as and when it becomes necessary to consider the urgent matters coming up between two board meetings.

Composition of Committee:

Name of the Member	Position	Category
Mr. V.P.Nandakumar	Chairman	Member
Mr.Gautam Saigal	Non-Executive Director	Member
Dr. Sumitha Jayasankar	Non-Executive Director	Member

A summary of the business transacted by the committee as initialed by the Company Secretary shall be presented to the succeeding board meeting for the purpose of noting and recording.

13. Policy on Board Composition, Compensation & Evaluation Criteria & Related Disclosure

The Board of Directors has adopted a policy on directors appointment and remuneration for directors, KMP and other employees including criteria for determining qualification, positive attributes, and independence of directors as laid down by the nomination and remuneration committee of the board which is attached to this report as **Annexure II**. The Board has also adopted some criteria for evaluating its own performance and of its committees and individual directors viz as Structure & Composition, extent of fulfilment of duties & key responsibilities Board process, information & functioning, effectiveness of meeting, relationship with Board & management, attendance, Professional Conduct, Duties, Role & functions, contribution to the Board, Committee & management.

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V. P. Nandakumar
Chairman

14. During the year 2016-17, the Company has not provided/made any loan, guarantee as per section 186 of the Companies Act 2013. However Company has invested Rs 217 crores in top 10 mutual funds.

15. During the year 2016-17, Auditors has not reported any fraud neither to the Central Government, nor to the Audit Committee constituted under section 177 of Companies Act 2013.

16. Pursuant to section 35b(ii) of the Companies (Amendment) Bill 2016, Company has been made Annual evaluation of the performance of the Board, its Committees and of individual directors.

17. PARTICULARS OF CONTRACTORS AND ARRANGEMENT WITH RELATED PARTIES

During the Year, the Company did not enter into any materially significant transactions with related parties, ie., its Promoters, Directors, Key Managerial Personnel and their relatives, conflicting with the Company's interests as laid down under section 188(1) of the Companies Act 2013.

Approval of Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act, 2013.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis. **Form AOC-2**, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of Board Report. **(Annexure-III)**

Further, as mandated under the Directions issued by the National Housing Bank vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017, the Company has formulated a Policy on Related Party Transactions and the Policy is Annexed as part of this Boards Report. **(Annexure – IV)**. The same has also been hosted on the Company's Website.

18. Material Changes

There were no material changes and commitments affecting the financial position of the Company, occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

19. Credit Rating & migration of rating

CRISIL has assigned A+ rating for Bank borrowing and A1+ for commercial paper. Company has also received A- rating from Brick Work for short term Borrowing.

20. Conservation of energy, & Technology absorption

Since the Company is not engaged in any manufacturing activity and its operations are not energy intensive, the disclosure relating to conservation of energy and technology absorption as stipulated under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

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V. P. Nandakumar
Chairman

The Company actively pursues a culture of technology adoption, leveraging on the advancements in technology to serve customers better, manage process more efficiently and economically and strengthen control systems.

21. **Foreign exchange earnings and outgo**

During the year 2016-17, there were no foreign exchange earnings and outgo .

22. During the year 2016-17, the Company has not paid any Remuneration to the Directors except the sitting fee for attending the Board & Committee meetings.

23. During the Year 2016-17, Company has not entered on any pecuniary relationship or transactions with the non executive directors of the Company

24. **STATEMENT ON RISK MANAGEMENT POLICY**

The Company has a Board approved Risk Management Policy wherein all material risks faces by the Company viz. Credit Risk, Operational Risk, Regulatory Risk, Price and Interest rate Risk are identified and assessed. Risk Management Department headed and managed by competent professionals for identification, assessment and managing/mitigating risk related issues across the organization. For each of the Risks identified in the process, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.

The Company has constituted the risk management Committee on its Board meeting 11/02/2016. Head of Risk Management will be a permanent invitee of the Committee. Company Secretary shall be Secretary of the RMC.

25. **Disclosure under Sexual Harassment of Women at workplace(POSH Act 2013)**

The Company has in place a Policy in line with the requirements of the Sexual Harassment of women at workplace(Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints, as and when received regarding Sexual Harassment and all employees are covered under this policy. The policy has been posted on the Company's website. There were no Sexual harassment cases filed during the year 2016-17.

26. **Whistle Blower Policy**

The Company has adopted a whistle Blower policy and established the necessary vigil mechanism for Directors and employees to report genuine concerns about un-ethical behavior, pursuant to the provision of section 177(9) and (10) of the Companies Act, 2013. The mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the designated Member of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2016-17.

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

For Manappuram Home Finance (P) Ltd.

V. P. Nandakumar
Chairman

27. Significant Material Orders

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

28. The Directors' Responsibility Statement

As required under clause (c) of sub-section (3) Section 134 of the Companies Act, 2013, the Board of Directors hereby declares that :-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. Disclosure of contingent liabilities:-

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

30. Applicability of CSR provision under Sec 135

The provisions of sec 135 of the Companies Act 2013 pertaining to the Corporate Social Responsibility are not applicable to the Company.

31. Management Discussion and Analysis Report

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

32. Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 and the Rules there under, the Company has appointed M/s KSR & Co, Practicing Company Secretary firm, for conducting Secretarial Audit of the Company for the Financial Year 2016-17. The Secretarial Audit Report for the Year, in Form MR-3 as prescribed under the Companies Act, 2013 is annexed to this Board's Report (Annexure IV).

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

of Manappuram Home Finance (P) Ltd.

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V. P. Nandakumar
Chairman

33. Acknowledgement

Your Directors acknowledge and place on record its sincere appreciation and gratitude to the employees of the company at all levels for their dedicated service and commitments, to the National Housing Bank, Governments and its statutory agencies for the support, guidance and co-operation, to the Investors, shareholders Bankers and other financial institutions and customers for the whole hearted support and confidence reposed on the company and the management and to the general public at large for their blessings and good wishes the company has been receiving in good measure over the years.

**For and on behalf of the Board of Directors of
Manappuram Home Finance Private Limited**



V.P.Nandakumar
Chairman

Place: Valapad
Date:20/05/2017

Annexur-1
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.17
[Pursuant to section 92(3) of the Companies Act, 2013
and rule 12(1) of the Companies (Management and
Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65923KL2010PTC039179
ii) Registration Date	07th October 2010
iii) Name of the Company	Manappuram Home Finance Pvt Ltd
iv) Category / Sub-Category of the Company	Home Finance Company
v) Address of the registered office and contact details	IV/470A(Old)W638A(New) ,Manappuram House , P.O Valapad , Phone: 3050419/435
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C.Consultants Limited,Category I Registrars and Share Transfer Agents ,Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006,Phone: +91 422 6549995, 2539835-836 ,Email: info@skdc-consultants.com
II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
All the business activities contributing 10 % or more of the total turnover of the company shall be stated	As per Annexure I(A)
III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	
	As per Annexure 1(B)
IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i) Category-wise Share Holding	Entire shares are held by the holding

For Manappuram Home Finance (P) Ltd.


V. P. R. Lakshman
Chairman

	Company - Manappuram Finance Limited
ii) Share holding of Promoters	Nil
iii) Change in Promoters' Shareholding	As Per Annexure I(C)
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Nil
v) Shareholding of Directors and Key Managerial Personnel	Nil
V. INDEBTEDNESS	
Indebtedness of the Company including interest outstanding/accrued but not due for payment	Annexure 1(D)
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A. Remuneration to Managing Director, Whole-time Directors and/or Manager	Nil
B. Remuneration to other directors	As Per Annexure I (E)
C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD	As Per Annexure I (F)
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES	Nil

For Manappuram Home Finance (P) Ltd.

 M. P. Nandakumar
Chairman

Annexure 1(A) **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

Annexure 1(B) **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

Annexure 1(c)

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

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

For Manappuram Home Finance (P) Ltd.

V. P. Nandakumar
Chairman

Annexure 1(D)**V. INDEBTEDNESS**

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits Rs.in Cr	Unsecured Loans	Deposits	Total Indebtedness Rs.in Cr
Indebtedness at the beginning of the financial year				
i) Principal Amount	70			70
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	70	-	-	-
Change in Indebtedness during the financial year				
* Addition	160.25			160.25
* Reduction	10			10
Net Change	150.25	-	-	150.25
Indebtedness at the end of the financial year				
i) Principal Amount	230.25			230.25
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	230.25	-	-	230.25

For Manappuram Home Finance (P) Ltd.



V. P. Nandakumar
Chairman

Annexure 1(E)**VI. REMUNERATION OF DIRECTORS**

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Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount (Rs/Lac)
1	Independent Directors	Mr.T.Balakrishnan	Mr.Nandakumaran Puthezhath	Mr.Shailesh J Mehta	Mr.Jeevan das Narayan	Mr.M.N arendra	
	Fee for attending board committee meetings	600000	40000	440000	160000	80000	= 1320000
	Commission	-	-	-			-
	Others, please specify						-
	Total (1)	600000	40000	440000	160000	80000	1320000
2	Other Non-Executive Directors	Sumitha Jayasankar	Gautam Saigal				--
	Fee for attending board committee meetings	2,40,000	2,00,000				4,40,000
	Commission	-					
	Others, please specify	-					
	Total (2)	2,40,000	2,00,000				4,40,000
	Total (B)=(1+2)						17,60,000
	Total Managerial Remuneration						
	Overall Ceiling as per the Act						

For Manappuram Finance (P) Ltd.



V. P. Nandakumar

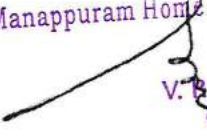
Chairman

Annexure1(F)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

SN	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name			
	Designation	CEO	Company Secretary	CFO*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4999860	1479060	3031860	9510780
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total	4999860	1479060	3031860	9510780

For Manappuram Home Finance (P) Ltd.


V. B. Nandakumar
Chairman

**Particulars Pursuant to clause (H) of section 134 of the Act and Rule 8(2) of the Companies
(Accounts) Rules ,2014**

Form for Disclosure of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act ,2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.
All transactions entered into by the Company during the year with related parties were on an arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:
The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature. However the transaction details are as follows.

SL NO	Particulars	Details
a).	Names (s) of the related party & nature of relations	1. MANAPPURAM FINANCE LIMITED (Holding Company) 2. Manappuram Insurance Brokers (Subsidiary of Holding Company)
b)	Nature of Contracts/arrangements/transactions	1. Transfer of Fixed Assets to Manappuram Finance Limited 2. Appointment of Manappuram Insurance Brokers for Life and Non Life Insurance requirement of our organisation 3. Availing Credit Facility in the form of Short Term Loan from Manappuram Finance Limited 4. Payment to Manappuram Finance Ltd in line with Service Level Agreement.
c)	Duration of the contracts/arrangements/transaction	1. Duration not specified . May be terminated on mutual consent of both the parties. The Short term Loan shall be closed within three months.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	14 crore (MAFIL-Loan) and repaid. Rs.919989/- (Transfer of Fixed Assets) Rs 16,58,872./- (Amount paid to MAFIL as per SLA)
e)	Date of approval by the Board	09/11/2016-Appointment of Manappuram



		Insurance Brokers for Life and Non Life Insurance requirement of our organisation. 02/02/2017-Transfer of Fixed Assets to MAFIL 15/03/2017-Availing Financial Assistance of Rs.9 Crores from MAFIL
F)	Amount paid as advance ,if any	Nil



MANAPPURAM HOME FINANCE PRIVATE LTD.,

Policy on Independent Directors & Compensation

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

As per section 178 of the Companies Act 2013, Nomination and Remuneration Committee shall formulate a policy on the criteria for determining the qualifications, positive attributes and Independence of a director and recommend to the Board a policy on the remuneration for the directors, KMPs and other employees.

In line with the above statutory requirement under sections 149 and 178 of the Companies Act, 2013 the following policies are proposed to be adopted for the appointment of directors and the matters connected therewith.

Definitions

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

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

(I) Appointment

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

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

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



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

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

1. Qualifications of Independent Director:

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

2. Positive attributes of Independent Directors:

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

3. Independence of Independent Directors:

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

- i) Apart from receiving director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, subsidiaries and associates;
- II) Do not have any relation with the promoters or persons occupying management positions at the board level or at one level below the board;
- III) not an executive of the company in the immediately preceding three financial years;
- IV) not a partner or an executive or was not partner or an executive during the preceding three years, of the Statutory Audit Firm(s), Internal Audit Firm(s), Legal Firm(s) and Consulting Firm(s) that have a material association with the Company;
- V) not a material supplier, service provider or customer or a lesser or lessee of the company;
- VI) not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares;



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

(III) Performance Evaluation

The nomination committee and the board shall put in place a mechanism for the review of performance of the Board, Committees and individual directors.

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

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

A. Remuneration to NON-EXECUTIVE DIRECTORS (NEDs)

The NEDs including Independent Directors shall be entitled for sitting fees for attending board/committee meetings at such rate as may be approved by the board from time to time. Present sitting fee for Board and Committee Meeting is Rs. 25,000/- and Rs. 15,000/- respectively.

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

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

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

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



B. REMUNERATION TO KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES

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

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

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

(V) Applicability of Law

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

VI) 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.

XXXXX



Annexure IV

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

Objective

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

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

i) Title and commencement:-

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

ii) Important definitions

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

Board means Board of Directors of the Company.

Key managerial personnel means;

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



Material related Party transactions means;

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

Related party;-

Related party, with reference to a company, means-

- i) A director or his relative;
- ii) A key managerial personnel or his relative;
- iii) A firm in which a director, manager or his relative is a partner;
- iv) A private company in which a director or manager is a member or director ;
- v) A public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid up share capital
- vi) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instruction of a director or manager;
- vii) Any person on whose advice, direction or instructions a director or manager is accustomed to act

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

- viii) Any company which is
 - A) A holding , subsidiary or an associate company of such company
 - B) A subsidiary of a holding company to which it is also a subsidiary
- ix) And such other entity which is a related party as provided under the applicable accounting standards



Related party transactions means;

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

3. Policy

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

4. Identification of Potential Related Party Transactions

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

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

5. Manner of dealing with related party transactions.

- i. Company will entertain only such transactions which are in the interest or beneficial to the company and are at arm's length.
- ii. All the related party transactions other than the remuneration/ compensation to any director or key managerial personnel in connection with the discharge of his or her duties in the company, its holding, subsidiary or associate company including the re-imbursement of reasonable expense towards travel, boarding and lodging, other perquisites or benefits as per the terms of employment or contract of service or as per the tradition or practice or pursuant to any provision of any statute and shall require the prior approval of the board after the review and recommendation by the audit committee.
- iii. The approval of the Board for a transaction shall be by means of a resolution passed at its meeting.



6. Manner of dealing with material related party transactions

- i. Company may enter into any material related party transactions as defined in this policy only with the prior approval of the shareholders by way of a resolution passed either at a meeting of the shareholders or by way of a postal ballot in accordance with the applicable provisions of the Companies Act, the Rules made there under or any regulations /guideline issued by SEBI in this behalf.
- ii. Any proposal for a material related party transaction shall be reviewed by the audit committee and recommend to the board before putting it up to the shareholders for approval.
- iii. The related party shall not cast votes on the resolution in which he is interested.

7. Independent directors and related party transactions.

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

8. Non material transactions and pecuniary relationships

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

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

9. Parent & Associate companies

- i. All related party transactions with the Parent company & its associates require the prior approval of the audit committee and the board.
- ii. The company may enter into a transaction with its Parent company & its associates if they are urgent in nature and have to be undertaken in between two scheduled board /audit committee



meetings and in such case the same shall be presented to the next board / committee meetings with all relevant particulars for necessary ratifications.

10. Review and Approval of Related Party Transactions

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

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

- ❑ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ❑ Assessing the business reasons for the Company to enter into the Related Party Transaction and the nature or availability of alternative transactions, if any;
- ❑ Whether the Related Party Transaction would affect the independence of an independent director;
- ❑ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ❑ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ❑ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other



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

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

11. Manner of dealing with escaped transactions.

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

reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate or submit their recommendation to the Board.

12. Disclosures.

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

13. Amendment to the policy

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

14. Communication of the policy

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

15. Effective date and applicability

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



I. Industry Structure and Developments

a. Macro-economic environment

India is one of the fastest growing major economies in the world. The Reserve Bank of India estimates that the GDP (Gross Value Added or GVA) growth to improve from 6.5 per cent in Q4, 2016-17 to 7.0 per cent in Q1, 2017-18 and 7.4-7.6 per cent in the remaining three quarters of 2017-18. Per capita income at current prices has increased to Rs 93,231 in FY16, (up 7.3 per cent from Rs 86,879 in the year before), and is expected to cross Rs 1 lakh by FY2017.

The distribution is skewed with income concentrated in the hands of few urban rich, while overwhelming majority belongs to middle income group (MIG) and lower income group (LIG) categories. In rural areas the situation is more acute with economically weaker sections (EWS) mainly dependent on agriculture as a source of income. To build inclusive growth, the government has been actively involved with implementation of JAM (Jan Dhan, Aadhar and Mobile) trinity to make the fruits of growth reach the bottom of the pyramid. One such fruit is to provide housing for all through its affordable housing project.

b. Demand for Affordable Housing Finance

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

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

c. Government measures to encourage Affordable Housing

The government has made special provisions for the housing sector, especially for affordable housing segment, in its Union Budget 2017. In continuation to the launch of the "Housing for All by 2022" programme under the Pradhan Mantri Awas Yojana (PMAY) scheme in July 2015, the government in its Feb 2017 budget has also granted Infrastructure status to affordable housing



projects. To lure private investors and developers, the government in its recent budget has provided various incentives such as tax exemption for projects in affordable housing. From the retail buyer's perspective, the government has allowed first time home buyers an additional income tax deduction on interest (Rs. 50,000 per annum) for loans up to Rs. 35 lakhs sanctioned in FY 2017. In addition, an interest subvention of 3 and 4 per cent on home loans of up to Rs. 9 lakh and Rs. 12 lakh respectively, under the PMAY. The government has also announced an increase of 33 per cent in the number of house to be built in the rural areas.

II. Opportunities & Threats

III. **Strength:** Strong Capitalization, Parent Company Brand, experienced professionals.

IV. **Weakness:** Long term fund, Narrow profit margin, operating cost.

V. **Opportunities:** Increasing urbanisation, rising affordability, increased penetration in housing.

VI. **Threats:** Slowdown in economic and income contraction, High competition & new entrants.

Recent regulatory measures

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

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

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

The Credit Risk Guarantee Fund with a corpus of Rs 1200 Cr in collaboration with NHB was set up in 2012 to facilitate credit availability to low income customers without any collateral. The purpose is to guarantee the lending agencies for loans to LIG/EWS borrowers for loan amounts up to Rs. 8 lakhs and unit size not exceeding 430 square feet, thereby reducing the perceived risks for the lending institutions and catalysing the flow of credit to low income housing sector.

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



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

- Project approved by competent authority after 1 June 2016 but on or before 31 March 2019
- Project is completed within 3 years from date of approval and certificate of completion of project as a whole to be obtained from competent authority
- Plot of land measuring not less than 1,000 sq. mts. in case of metro cities / within 25 kms from metro cities and not less than 2,000 sq. mts. in case of other cities
- Size of the residential unit is not more than 30 sq. mts. in case of metro cities / within 25kms from metro cities and 60 sq. mts for other cities.

III. Segment wise or Product wise performance

Affordable Housing Finance Company (A-HFC) Industry Overview

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

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

With the rising population the demand for housing is expected to grow given the change in demographic structure (50 per cent of the population below 25 -35 years of age group), shift towards nuclear families and rapid urbanisation.

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

IV. Outlook:

With the objective of Housing for all by 2022, and the increasing population with rising income levels, affordable housing segment has a long way to go. The demand for housing is expected to remain strong while supply shortage is expected to increase from the current level of 19 million



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

V. Internal control systems and their adequacy

The Company has well defined and adequate internal financial controls and procedures commensurate with the size and nature of its operations. This is further strengthened by the Internal Audit done concurrently.

Besides, the Company has an Audit Committee, Comprising Non-Executive Directors, which monitors internal financial controls, system control, financial management and operations of the Company.

VI. Risk management:

As mandated under the Directions issued by the National Housing Bank vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017. The risk management committee is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company. The Risk and Asset Liability management Committee review and monitor the various risks viz., credit, liquidity, interest rate and operational risk at regular intervals.

VII. Discussion on financial performance with respect to operational performance

- **Target Areas / segment:**

As the company is positioned as an affordable home finance company, the Target customer segments are the self-employed from the unorganised sector who are usually deprived of access to mainstream credit facilities from financial institutions. The Company has strengthened its presence in its area of operations with a keen emphasis on the unserved and under-served customer segments.

- **Region wise / geographic wise spread**

The company has a presence in 35 Indian locations across six states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh).

- **Average ticket size business**

The company offers two products – Home Loans and LAP. Average ticket size of a Home Loan is about Rs. 12.30 lakhs and for the LAP segment, it stands at about Rs. 9.34 lakhs.



- **Business process / operations /system and IT**

The target segments are mostly self-employed people in tier II and tier III cities who are not served by the mainstream financial system. Direct branch interaction with customers takes place through on roll direct sales team. Majority of customer acquisition is made through dedicated in-house sales team who interact with prospective borrowers and stay close to the market where transactions happened. Credit appraisal process involves meeting with customers, understanding cash flows, independent RCU verifications etc. The company is highly focussed on a timely collection process. MAHOFIN uses one of the widely used end-to-end lending management applications to automate and assist business growth.

- **Funding /capitalisation**

The company has an arrangement with banks and financial institutions both in the Public and private sectors to augment growth of the company. The company is in the process of sourcing funds from diversified sources. The company is well capitalised with the strong support given by its parent company. Capital adequacy ratio is around 46.46% as against regulatory requirement of 12%.

VIII. Material Development in Human Resources/Industrial Relations Front, including number of people employed

Employee's contribution is vital to the Company's performance both quantitative and qualitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building knowledge accessibility and productivity enhancement. The company has around 300 highly dedicated and motivated staff who has been contributing relentlessly to the development of the organisation. Adequate training is provided to staff to enhance their knowledge and capabilities.



INDEPENDENT AUDITOR'S REPORT

To the Members of Manappuram Home Finance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Manappuram Home Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- iv. As more fully described in Note 32 to the financial statements, the Company has discussed details of 'total' cash balances as on November 8, 2016 and December 30, 2016 and during the period from November 9, 2016 to December 30, 2016 ('the Period'). However, the Company is unable to provide information on the details of specified bank notes and other denominations in the balances reported as at specified dates and the information on the cash transactions as required under the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended. Accordingly, we were unable to verify such disclosures as we have not been able to obtain sufficient and appropriate audit evidence and perform sufficient audit procedures on the details of specified bank notes and other denomination notes in the balances reported as at specified dates and the transactions during the Period.

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

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per Bharath N S

Partner

Membership Number: 210934



Place of Signature: Chennai

Date: May 20, 2017

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Manappuram Home Finance Private Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has not granted loans any loans, secured or unsecured to companies, Limited Liabilities partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax, employees’ state insurance, cess and other statutory dues applicable to it. The provisions sales tax, duty of custom, duty of excise, value added tax relating to are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.



- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues to debenture holders or government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. The Company has utilised the monies raised by way of team loan for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the act is not applicable to the Company for the current year as there is no managerial person covered by section 197 and hence reporting under clause 3(xi) of the Order are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provision of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per Bharath N S
Partner



Membership Number: 210934

Chennai

Date: May 20, 2017

Annexure 2 to the Independent Auditor's Report of Even Date on the Financial Statements of Manappuram Home Finance Private Limited

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

To the Members of Manappuram Home Finance Private Limited

We have audited the internal financial controls over financial reporting of Manappuram Home Finance Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per Bharath N S

Partner

Membership Number: 210934



Place of Signature: Chennai

Date: May 20, 2017

Manappuram Home Finance Private Limited
Balance Sheet as at March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at	As at
		March 31, 2017	March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,000,000,000	1,000,000,000
Reserves and surplus	4	(66,104,331)	(55,402,254)
		933,895,669	944,597,746
Non-current liabilities			
Long-term borrowings	5	2,059,046,953	675,000,000
Long-term provisions	6	21,573,985	6,663,575
Other long-term liabilities	7	321,523	-
		2,080,942,461	681,663,575
Current liabilities			
Trade Payables	7		
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		4,882,242	4,765,125
Short-term borrowings	8	-	31,208
Other current liabilities	7	250,825,885	31,575,484
Short-term provisions	6	1,574,129	108,244
		257,282,256	36,480,061
TOTAL		3,272,120,386	1,662,741,382
Assets			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	9A	14,256,956	12,776,849
Capital work in progress		4,923,540	153,241
Intangible assets	9B	426,953	1,832,744
Loans and advances	10	3,018,509,364	1,265,799,633
Other non-current assets	11	5,120,896	839,705
		3,043,237,709	1,281,402,172
Current assets			
Current Investments	12	-	190,000,000
Cash and bank balances	13	96,911,357	156,677,416
Loans and advances	10	94,184,701	26,244,536
Other current assets	11	37,786,619	8,417,258
		228,882,677	381,339,210
Total		3,272,120,386	1,662,741,382

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004


Bharath N S

Partner
Membership no.: 210934

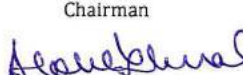


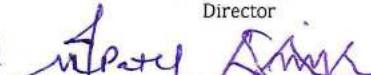
Place: Chennai
Date : May 20, 2017

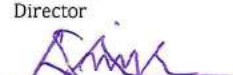
For and on behalf of the board of directors


V. P. Nandakumar
Chairman


Shailesh J Mehta
Director


Alok Ghosal
Chief Executive Officer


Vipul Patel
Chief Financial Officer


Sreedivya S
Company Secretary

Place: Valapad
Date : May 20, 2017



Manappuram Home Finance Private Limited
Statement of profit and loss for the year ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	14	367,403,298	98,559,143
Other Income		961,648	63,891
Total revenue		368,364,946	98,623,034
Expenses			
Employee benefits expense	15	153,509,871	85,490,613
Financial expenses	16	136,667,393	20,831,391
Other expenses	17	78,394,215	43,192,075
Depreciation and amortization expense	9A	6,820,474	2,911,970
Total expenses		375,391,953	152,426,049
Profit/(loss) before tax		(7,027,007)	(53,803,015)
Tax expenses			
Current tax		3,675,070	-
Deferred tax		-	-
Total tax expense		3,675,070	-
Profit/(Loss) for the year		(10,702,077)	(53,803,015)

Loss per equity share [Nominal value of share Rs. 10]

18

Basic

Computed on the basis of total loss for the year

(0.11)

(1.08)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Bharath N S

Bharath N S

Partner

Membership no.: 21093



Place: Chennai

Date : May 20, 2017

For and on behalf of the board of directors

V. P. Nandakumar

V. P. Nandakumar

Chairman

Shailesh J Mehta

Shailesh J Mehta

Director

Aloke Ghosal

Aloke Ghosal

Chief Executive Officer

Vipul Patel

Vipul Patel

Chief Financial Officer

Sreedivya S

Sreedivya S

Company Secretary

Place: Valapad

Date : May 20, 2017



Manappuram Home Finance Private Limited
Cash flow Statement for the year ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Net loss before taxation	(7,027,007)	(53,803,015)
Depreciation and amortization	6,820,474	2,911,970
Provision for standard assets	7,072,004	5,056,442
Provision for Non-performing assets	6,910,038	-
Provision for rent-straightlining	321,523	-
Operating loss before working capital changes	14,097,032	(45,834,603)
Movements in working capital :		
Increase / (decrease) in trade payable	117,117	3,895,529
Increase / (decrease) in Short Term Borrowings	(31,208)	31,208
Increase / (decrease) in other current liabilities and provisions	798,021	5,093,220
Increase / (decrease) in Provisions	2,067,000	1,376,023
Decrease / (increase) in loans and advances	(1,820,649,896)	(1,269,758,528)
Decrease / (increase) in other current assets	(34,490,257)	(2,151,103)
Cash generated from / (used in) operations	(1,838,092,191)	(1,307,348,254)
Direct taxes paid (net of refunds)	(2,508,112)	171,376
Net cash flow from/ (used in) operating activities (A)	(1,840,600,303)	(1,307,176,878)
B. Cash flows from investing activities		
Purchase of fixed assets, including Capital Work In Progress	(12,585,078)	(13,916,601)
Proceed from sale of fixed assets	919,989	-
Purchase of current investments	-	(190,000,000)
Proceeds from sale/maturity of current investments	190,000,000	-
Net cash flow from/ (used in) investing activities (B)	178,334,911	(203,916,601)
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	550,000,000
Proceeds from long term borrowings	1,855,000,000	1,475,000,000
Repayment of long term borrowings	(252,500,667)	(775,000,000)
Net cash flow from/ (used in) in financing activities (C)	1,602,499,333	1,250,000,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(59,766,059)	(261,093,479)
Cash and cash equivalents at the beginning of the year	156,677,416	417,770,895
Cash and cash equivalents at the end of the year	96,911,357	156,677,416
Components of cash and cash equivalents		
Cash on hand	1,210,566	3,603
With banks		
- in current account	35,305,138	156,673,813
- in Debit balance in Cash Credit account	60,395,653	-
Total cash and cash equivalents (note 13)	96,911,357	156,677,416

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Bharath N S
Partner
Membership no.: 210934



Place: Chennai
Date : May 20, 2017

For and on behalf of the board of directors

V. P. Nandakumar
Chairman

Shailesh J Mehta
Director

Aloke Ghosal
Chief Executive Officer

Vipul Patel
Chief Financial Officer

Sreedivya S
Company Secretary

Place: Valapad
Date : May 20, 2017



1. Corporate information

Manappuram Home Finance Private Limited ('the Company') was incorporated on October 7, 2010 under the provisions of the Companies Act, 1956. The Company is a Non-Deposit accepting Housing Finance Company registered with National Housing Bank (NHB) under the provisions of National Housing Bank Act 1987 ('NHB Act'). The Company is engaged in providing housing loans.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with accounting principles generally accepted in India, including the Accounting standards notified under Section 133 of the Companies Act, 2013 read together with Paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.



(c) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its property, plant and equipment.

Particulars	Useful life
Computer equipment	3
Furniture and fittings	
- Safe and strong rooms	10
- Others*	3-10
Office equipment's*	1-3 years

*The Company has estimated useful life which is different from useful life prescribed in Schedule II based on technical assessment by the management.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of 6 years.

The amortization period and the amortization method are reviewed at least at each financial year end.

(e) Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(f) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized



Manappuram Home Finance Private Limited

Notes to financial statements for the year ended March 31, 2017

(All amounts are in Indian rupees, unless otherwise stated)

asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(g) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

Interest income/fees on housing loans are accounted for an accrual basis, except interest on non-performing assets and charges for delayed payments and cheque bouncing charges, if any, which are accounted on receipt basis.

Loan processing fees are recognised on receipt of such fees. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest income on fixed deposit is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.



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(j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of each financial year.

Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

(k) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(m) Provisions

- (i) A provision is recognized when the Company has a present obligation as a result of past event 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current management estimates.



Signature

Manappuram Home Finance Private Limited

Notes to financial statements for the year ended March 31, 2017

(All amounts are in Indian rupees, unless otherwise stated)

- (ii) Loan and other credit facilities are classified as per the National Housing Bank (NHB) guidelines, into performing and non-performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on the criteria stipulated by NHB guidelines. Additional provision are made against specific non-performing assets over and above stated in NHB guidelines, if in the opinion of the management, increased provisions are necessary.

(n) Contingent liabilities

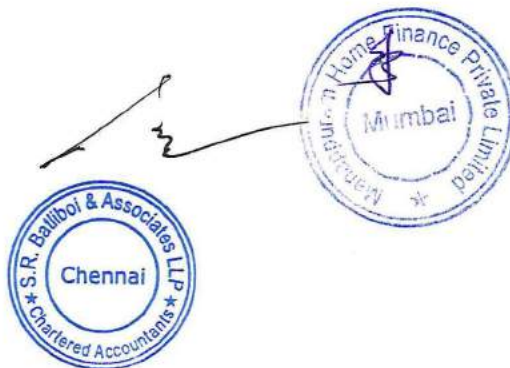
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Ancillary borrowing costs

Ancillary borrowings costs incurred for sanction of long term borrowings are expensed over the tenure of the loan.

(j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 3**SHARE CAPITAL****Authorized**

100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs.10/- each

Issued, subscribed and paid-up

100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs.10/- each

Total issued, subscribed and fully paid-up share capital

	As at March 31, 2017	As at March 31, 2016
Authorized		
100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up		
100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs.10/- each	1,000,000,000	1,000,000,000
Total issued, subscribed and fully paid-up share capital	1,000,000,000	1,000,000,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Equity shares**

	March 31, 2017		March 31, 2016	
	No. of share	Amount	No. of share	Amount
At the beginning of the period	100,000,000	1,000,000,000	45,000,000	450,000,000
Issued during the period	-	-	55,000,000	550,000,000
Outstanding at the end of the period	100,000,000	1,000,000,000	100,000,000	1,000,000,000

b. Terms/rights attached to equity shares

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing Annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

	March 31, 2017		March 31, 2016	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Equity shares of Rs. 10 each fully paid				
Manappuram Finance Limited (Holding company)	100,000,000	100%	100,000,000	100%

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

NOTE: 4**RESERVES AND SURPLUS****Special Reserve**

Pursuant to Section 29-C of the National Housing Bank Act, 1987 (Refer Note 21)

As per last Balance Sheet
Closing Balance

Surplus/ (deficit) in the statement of profit and loss

As per last Balance Sheet

Profit/(loss) for the year

Net deficit in the statement of profit and loss**Total reserve and surplus**

	As at March 31, 2017	As at March 31, 2016
Special Reserve		
As per last Balance Sheet	910,640	910,640
Closing Balance	910,640	910,640
Surplus/ (deficit) in the statement of profit and loss		
As per last Balance Sheet	(56,312,894)	(2,509,879)
Profit/(loss) for the year	(10,702,077)	(53,803,015)
	(67,014,971)	(56,312,894)
Net deficit in the statement of profit and loss	(67,014,971)	(56,312,894)
Total reserve and surplus	(66,104,331)	(55,402,254)



Signature

Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 5**Borrowings**

	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Term loans				
Indian rupee loan from banks (secured)	2,059,046,953	675,000,000	243,452,380	25,000,000
	2,059,046,953	675,000,000	243,452,380	25,000,000
The above amount includes				
Secured borrowings	2,059,046,953	675,000,000	243,452,380	25,000,000
Amount disclosed under the head "other current liabilities" (note 7)			(243,452,380)	(25,000,000)
Net Amount	2,059,046,953	675,000,000	-	-

A) Indian rupee loan from banks (secured)

As at March, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
More than 5 years	9.3% - 11%	465,713,620	-
Due within 2-5 years	9.3% - 11%	1,195,000,000	-
Due within 1-2 years	9.3% - 11%	398,333,333	-
Due within 1 year	9.3% - 11%	-	243,452,380
Total		2,059,046,953	243,452,380

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company which are regular as per NHB Guideline.

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
More than 5 years	10.30%	141,666,667	-
Due within 2-5 years	10.30%	400,000,000	-
Due within 1-2 years	10.30%	133,333,333	-
Due within 1 year	10.30%	-	25,000,000
Total		675,000,000	25,000,000

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company which are regular as per NHB Guideline.



Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 6

Provisions	Long term		Short term	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for income tax(Net off advance tax and Tax deducted at source)	471,670	144,417		
Provision for standard assets (Note 24)	11,848,660	5,042,135	367,723	102,244
Provision for non performing Assets (Note 24)	6,696,632	-	213,406	-
Provision for employee benefits				
Provision for gratuity (Note 23)	2,557,023	1,477,023	12,000	6,000
Provision for leave	-	-	981,000	-
Total Provisions	21,573,985	6,663,575	1,574,129	108,244

All registered housing finance companies are required to carry provision of 0.40%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012 and NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013. Further, all registered housing finance companies are required to carry a provision of 2.00 % of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e limited period fixed rate loan vide circular no NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. The Company carried a provision of Rs.12,216,383/- (March 31, 2016 Rs. 51,44,379/-) towards standard loans @ 0.40% as per the prudential norms of NHB.

Movement in provision for standard assets is as under:

Particulars	March 31, 2017	March 31, 2016
Opening balance	5,144,379	87,936
Addition during the year	7,072,004	5,056,443
Utilised during the year	-	-
	12,216,383	5,144,379
Provision for standard Assets - Current	367,723	102,244
Provision for standard Assets - Non Current	11,848,660	5,042,135
Total	12,216,383	5,144,379

NOTE: 7

Other Liabilities	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Trade payables				
- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	4,882,242	4,765,125
	-	-	4,882,242	4,765,125
Provision for rent straight-lining	321,523	-	-	-
Note 5)	-	-	243,452,380	25,000,000
Payable for Employees	-	-	700,746	2,324,330
Statutory dues payables	-	-	3,696,098	4,112,697
Other current liabilities	-	-	2,976,661	138,457
	321,523	-	250,825,885	31,575,484

NOTE: 8

Short term Borrowings	As at	As at
	March 31, 2017	March 31, 2016
Cash credit / from banks (secured)	-	31,208
	-	31,208

Cash credit from banks is secured against receivables due for not more than 12 months. The cash credit is repayable on demand and carries interest @ 10.50%.



Signature

Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 9A**Property, Plant & Equipment**

	Computer equipment	Office equipment	Furniture and Fittings	Total
Cost				
At 1 April 2015	810,895	147,700	691,021	1,649,616
Additions	5,907,243	1,588,717	6,267,400	13,763,360
Deletions/adjustment	-	-	-	-
At 31 March 2016	6,718,138	1,736,417	6,958,421	15,412,976
Cost				
At 1 April 2016	6,718,138	1,736,417	6,958,421	15,412,976
Additions	3,007,141	1,678,017	3,045,971	7,731,129
Deletions/adjustment	-	269,853	892,308	1,162,161
At 31 March 2017	9,725,279	3,144,581	9,112,084	21,981,944
Accumulated Depreciation				
At 1 April 2015	51,201	12,197	28,514	91,912
Charge for the year	1,591,120	248,726	704,369	2,544,215
Deletions	-	-	-	-
At 31 March 2016	1,642,321	260,923	732,883	2,636,127
Accumulated Depreciation				
At 1 April 2016	1,642,321	260,923	732,883	2,636,127
Charge for the year	2,730,994	915,345	1,684,694	5,331,033
Disposals/adjustment	-	153,701	88,471	242,172
At 31 March 2017	4,373,315	1,022,567	2,329,106	7,724,988
Net Block at 31 March 2016	5,075,817	1,475,494	6,225,538	12,776,849
Net Block at 31 March 2017	5,351,964	2,122,014	6,782,978	14,256,956



Signature

Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 9B**Intangible assets**

	Software
Cost	
At 1 April 2015	-
Additions	2,200,500
Deletions	-
At 31 March 2016	2,200,500
Cost	
At 1 April 2016	2,200,500
Additions	83,650
Deletions/adjustment	-
At 31 March 2017	2,284,150
Accumulated Depreciation	
At 1 April 2015	-
Charge for the year	367,756
Deletions	-
At 31 March 2016	367,756
Accumulated Depreciation	
At 1 April 2016	367,756
Charge for the year	1,489,441
Disposals/adjustment	-
At 31 March 2017	1,857,197
Net Block at 31 March 2016	1,832,744
Net Block at 31 March 2017	426,953



Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 10**Loans and advances****Loan & other credit facilities (Refer note 24)****Secured, considered good**

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Housing loans	2,181,085,623	1,178,664,880	61,772,351	24,330,342
Other loans	781,057,304	81,467,953	30,158,450	1,230,659
	2,962,142,927	1,260,132,833	91,930,801	25,561,001

Secured, considered doubtful

Housing loans	43,467,633	-	1,409,835	-
Other loans	1,176,584	-	12,870	-
	44,644,217	-	1,422,705	-

Deposits (Unsecured, considered good)

Rental deposits	11,722,220	5,666,800	-	-
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Advances recoverable in cash or kind Unsecured, considered good	-	-	411,056	467,079
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Other loans and advances**Unsecured considered good**

Balances with government authorities	-	-	420,139	216,456
	3,018,509,364	1,265,799,633	94,184,701	26,244,536

NOTE: 11**Other assets****Interest accrued**

Loan Portfolio (Secured, considered good)	-	-	33,207,868	7,642,523
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Advance tax and tax deducted at source (net of Provision for taxation)	-	839,705	-	-
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Others	5,120,896	-	4,578,751	774,735
	5,120,896	839,705	37,786,619	8,417,258

NOTE: 12**CURRENT INVESTMENTS****Mutual Fund (Unquoted, valued at net asset**

	As at March 31, 2017	As at March 31, 2016
NIL(Previous year 16,379.30) units of NIL (Previous year Rs.2,442.11/-) each in Reliance Liquid Fund-Cash-Plan-Direct Growth Plan	-	40,000,000
NIL (Previous year 5,892.26) units of NIL (Previous year Rs.1,697.14/-) each in UTI Money Market Fund-Institutional Plan-Direct Plan-Growth	-	10,000,000
NIL (Previous year 16,282.57) units of NIL (Previous year Rs. 16,282.57) each in Kotak Liquid Plan A-Direct plan-Growth	-	50,000,000
NIL (Previous year 164,555.55) units of NIL (Previous year Rs. 243.08/-) each in Birla Sunlife Cash Plus-Growth-Direct	-	40,000,000
NIL (Previous year 170,173.60) units of NIL (Previous year Rs. 293.82/-) each in Birla Sunlife Savings Fund-Growth-Direct	-	50,000,000
	-	190,000,000

NOTE: 13**Cash and bank balances****Cash and cash equivalents**

	As at March 31, 2017	As at March 31, 2016
Cash on hand	1,210,566	3,603
Balances with banks:		
On current accounts	35,305,138	156,673,813
On Cash credit accounts	60,395,653	-
	96,911,357	156,677,416



Manappuram Home Finance Private Limited
Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
NOTE: 14		
Revenue from operations		
Interest income - Home Loan	313,367,655	69,418,346
Interest income - Bank Deposits	-	6,952,871
Application and processing fees	36,896,545	21,567,261
	350,264,200	97,938,478
Other		
Net gain on sale of current investments	11,074,811	-
Other Income	6,064,287	620,665
	17,139,098	620,665
Revenue from operation	367,403,298	98,559,143
NOTE: 15		
Employee benefits expense		
Salaries and wages	143,343,707	79,714,964
Contribution to provident and other funds	9,080,164	4,399,626
Gratuity expense	1,086,000	1,376,023
	153,509,871	85,490,613
NOTE: 16		
Finance Cost		
Interest on bank borrowings	134,790,142	20,725,970
Bank and Other charges	1,877,251	105,421
	136,667,393	20,831,391
NOTE: 17		
Other expenses		
Rent expense	18,314,194	9,350,948
Business processing expenses	13,040,814	7,258,988
Electricity expense	1,127,763	603,297
Travelling and conveyance	3,859,824	3,121,423
Insurance	411,735	119,466
Printing and stationary	4,138,655	2,127,391
Communication	2,470,705	1,162,282
Rates and taxes	5,457,259	3,553,446
Legal and Professional fees (Refer Note 17.1)	5,129,410	5,319,547
Advertisement	175,353	1,059,512
Directors sitting fees	1,960,000	975,000
Subscription charges	3,267,433	910,400
Branch opening expenses	189,041	772,205
Repairs and maintenance	215,711	177,403
Business commission	2,302,333	771,123
Miscellaneous expenses	2,351,943	853,201
Provision for standard assets	7,072,004	5,056,443
Provision for Non Performing assets	6,910,038	-
	78,394,215	43,192,075
Note 17.1		
Payment to auditor (Included in legal and Professional fees)		
As auditor:		
Audit fee	900,000	900,000
Limited review	225,000	225,000
In other capacity		
Other services (certification fees)	50,000	50,000
Reimbursement of expenses	147,296	121,032
	1,322,296	1,296,032
Note 17.2		
Depreciation & Ammortization expense		
Depreciation	5,331,033	2,544,214
Ammortization of intangible assets	1,489,441	367,756
	6,820,474	2,911,970



Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 18

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net profit/(loss) for calculation of basic EPS	(10,702,077)	(53,803,015)
Weighted average number of equity shares in calculating basic EPS (Nos.)	100,000,000	49,863,388
Basic EPS (Rs)	(0.11)	(1.08)

Note: 19**Operating Lease**

The Company entered into a non-cancellable operating lease arrangement for office premises with a lease term of 5 years. There are no restrictions placed upon the company by entering into these leases. Rent reserve has been created for the initial lock-in period of 3 years.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
The future minimum lease rental payments to be made under non-cancellable leases are as follows:		
Lease payments recognised in the statement of profit and loss for the period	6,646,523	-
Lease payments due:-		
Not later than one year	7,250,752	-
Later than one year but not greater than five years	7,854,981	-
	15,105,733	-

NOTE: 20**Related party disclosure****Relationship****Holding company****Fellow subsidiary****Names of related parties**

Manappuram Finance Limited

Asirwad Microfinance Limited (

Formerly known as Asirwad

Manappuram Insurance Brokers

Private Limited *

Mr. V. P. Nandakumar (Chairman) *

Mr. Alope Ghosal (Chief Executive Officer)

Mr Vipul patel (Chief Financial Officer)

Ms. Sreedivya (Company Secretary)

Key management personnel (KMP)

* No transactions during the year.

Particulars	Holding Company		KMP	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Issue of Equity shares				
Manappuram Finance Limited	-	550,000,000		
Rent, Electricity and telephone expenses				
Manappuram Finance Limited	1,525,722	5,228,593		
Printing charges				
Manappuram Finance Limited	-	24,503		
Salary				
Mr. Alope Ghosal			4,999,860	4,962,436
Ms. Sreedivya			1,479,060	1,288,677
Mr. Vipul patel			3,031,860	252,655
Expenses reimbursed to the Company				
Manappuram Finance Limited	-	24,885		
Sales of Fixed assets				
Manappuram Finance Limited	919,989	-		



Signature

Manappuram Home Finance Private Limited**Notes to the Financial statements for the period ended March 31, 2017**

(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Holding Company		KMP	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Loan taken from Manappuram Finance Limited	140,000,000	775,000,000		
Loan Repaid to Manappuram Finance Limited	140,000,000	775,000,000		
Interest expense Manappuram Finance Limited	133,150	14,141,038		
Amounts payable (net) to related parties Manappuram Finance Limited	2,638	-		

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.



Manappuram Home Finance Private Limited

Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Note 21

In terms of requirement of NHB's Circular No. NHB (ND)/DRS/Pol.circular.61/2013-14 dated April 07, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beceing of the year		
A) Statutory Reserve u/s 29C of the NHB Act	910,640	910,640
B) Amount of Special Reserve u/s 36 (1)(iii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act	-	-
C) Total		
Balance at the end of the year		
A) Statutory Reserve u/s 29C of the NHB Act	910,640	910,640
B) Amount of Special Reserve u/s 36 (1)(iii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act	-	-

NOTE: 22

This disclosure as per NHB circular no. NHB/ND/DRS/Pol-No. 35/2010-2011 dated October 11, 2010 is as under:

i) Capital to risk assets ratio (CRAR)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1) CRAR %	46.62%	112.85%
2) CRAR - Tier I capital %	46.02%	112.24%
3) CRAR - Tier II capital %	0.60%	0.61%

ii) Exposure to Real estate sector

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1) Direct Exposure		
a) Residential Mortgages		
(i) Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented.	3,100,140,650	1,285,693,834
(ii) Individual loans upto Rs 15 lakhs included in 1 a(i) above	1,922,215,493	
b) Commercial Real Estate		
Lending fully secured by mortgage on commercial real estate (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) limits.	-	-
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
i) Residential	-	-
ii) Commercial Real Estate	-	-
2 Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance	-	-

In commutating the above information, certain estimates, assumption and adjustment have been made by the management which has been



Manappuram Home Finance Private Limited
Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 23
Employment benefits disclosures

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Statement of Profit & Loss Account		
<u>Net employee benefit expense recognised in the employee cost</u>		
Current Service Cost	1,539,000	1,311,000
Interest Cost	111,000	8,000
Actuarial Loss/(Gain)	(564,000)	57,000
	1,086,000	1,376,000
Balance sheet		
<u>Reconciliation of present value of the obligation and the fair value of plan assets</u>		
Defined Benefit Obligation	2,569,000	1,483,000
Fair Value of Plan Assets	-	-
Surplus/(Deficit)	2,569,000	1,483,000
Experience Adjustment on Plan Liabilities: (Gain)/Loss	(237)	41
Experience Adjustment on Plan Assets: Gain/(Loss)	NA	NA
Changes in the present value of the Defined Benefit Obligation (DBO) are as follows:		
Present value of DBO at start of year	1,483,000	107,000
Current Service Cost	1,539,000	1,311,000
Interest Cost	111,000	8,000
Benefits Paid	-	-
Actuarial Loss/(Gain)	(564,000)	57,000
Present value of DBO at end of year	2,569,000	1,483,000
Net Liability/ (Asset) recognised in the Balance Sheet		
Present Value of DBO	2,569,000	1,483,000
Fair Value of Plan Assets	-	-
Net Liability/(Asset)	2,569,000	1,483,000
Less: Unrecognised Past service cost	-	-
Liability/(Asset) recognised in the Balance Sheet	2,569,000	1,483,000
Of which, Short term Provision	12,000	6,000
Actuarial Assumptions		
Salary Growth Rate	8% p.a.	8.0% p.a.
Discount Rate	6.3% pa	7.5% p.a.
Withdrawal/Attrition Rate - Above managerial grade	15% p.a.	15% p.a.
Withdrawal/Attrition Rate - below managerial grade	50% p.a	
Expected average remaining working lives of employees	2 Years	5 Years



Manappuram Home Finance Private Limited
Notes to the Financial statements for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

iii) Asset Liability Management

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2017

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	-	-	-	29,166,667	214,285,714	732,876,984	796,666,667	482,361,111	47,142,190	-	2,302,499,333
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	12,378,196	6,946,259	7,029,556	21,573,306	45,426,190	216,033,329	291,111,250	354,945,412	660,117,061	#####	3,100,140,650
Investments	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain types of items of Assets and Liabilities as at March 31, 2016

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Borrowings from banks	-	-	-	8,333,333	16,666,667	266,666,667	266,666,667	141,666,667	-	-	700,000,000
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Advances (net)	3,263,909	1,930,479	1,953,318	5,999,443	12,652,048	60,547,906	79,817,497	101,417,691	200,852,289	817,259,254	1,285,693,834
Investments	190,000,000	-	-	-	-	-	-	-	-	-	190,000,000.00

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2017 and March 31, 2016.



Manappuram Home Finance Private Limited

Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 24

Home and Non home loan classification and provision for non performing assets (As per NHB Prudential Norms)

Particulars	Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Secured Loans						
A) Home Loan						
Standard Asset	2,242,857,974	1,202,995,222	8,971,520	4,811,981	2,233,886,454	1,198,183,241
Sub Standard Asset	44,877,468	-	6,731,620	-	38,145,848	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	-	-	-	-	-	-
Total - A	2,287,735,442	1,202,995,222	15,703,140	4,811,981	2,272,032,302	1,198,183,241
B) Non Home Loan						
Standard Asset	811,215,754	82,698,612	3,244,863	330,794	807,970,891	82,367,818
Sub Standard Asset	1,189,454	-	178,418	-	1,011,036	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	-	-	-	-	-	-
Total - B	812,405,208	82,698,612	3,423,281	330,794	808,981,927	82,367,818
Total (A+B)	3,100,140,650	1,285,693,834	19,126,421	5,142,775	3,081,014,229	1,280,551,059



Signature

Manappuram Home Finance Private Limited

Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Note: 25**Derivatives:**

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

Note: 26**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL):**

The Company has not exceeded the Single borrower and group borrower limits

Note: 27**Provisions and Contingencies**

Particulars	31-Mar-17	31-Mar-16
<u>Break-up of Provision and contingencies in statement of profit and loss</u>		
Provision towards NPA	6,910,038	-
Provision made towards current tax	3,675,070	-
Provision for Standard Assets	7,072,004	5,056,443

Note: 28**Draw down from Reserves**

Details of draw down from reserves, if any, are provided in Note 4 to these financial statements.

Notes: 29**i) Concentration of Advances**

Particulars	31-Mar-17	31-Mar-16
Total advances to twenty largest borrowers	62,966,205	104,725,244
Percentage of advances to twenty largest borrowers to total advances of the Company	2.03%	8.15%

ii) Concentration of Exposures

Particulars	31-Mar-17	31-Mar-16
Total exposure to twenty largest borrowers/customers	88,930,806	103,483,828
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	2.87%	8.05%

iii) Concentration of NPA's

Particulars	31-Mar-17	31-Mar-16
Total exposure to top ten NPA accounts	27,334,762	-

iv) Sector-wise NPAs

Particulars	31-Mar-17	31-Mar-16
A) Housing Loans:		
1. Individuals	44,877,468	-
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-
B) Non-Housing Loans		
1. Individuals	1,189,454	-
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-



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Manappuram Home Finance Private Limited
Notes to the Financial statements for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

v) Movement of NPAs

Particulars	31-Mar-17	31-Mar-16
I) Net NPAs to Net Advances (%)	1.27%	0.00%
II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Addition during the year	46,066,922	-
c) Reduction during the year	-	-
d) Closing balance	46,066,922	-
III) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Addition during the year	39,156,884	-
c) Reduction during the year	-	-
d) Closing balance	39,156,884	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provision made during the year	6,910,038	-
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	6,910,038	-

Notes: 30

Customer Complaints

Particulars	31-Mar-17	31-Mar-16
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	13	-
No. of complaints redressed during the year	13	-
No. of complaints pending at the end of the year	-	-

Note: 31

Miscellaneous

i) Registration obtained from other financial sector regulators

The Company is not registered with any other financial sector regulators.

ii) Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other Regulators during the year ended March 31, 2017 and March 31, 2016.

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

Credit rating Agency	Type of Facility	Amt in Rs.	Rating
Brickwork	Fund based term loan	700,000,000	BWR A-
	Fund based cash credit	50,000,000	
CRISIL	Long term bank loan	500,000,000	CRISIL A+/stable

Note 32: Specified Bank Note Disclosure

Details of Specified Bank Notes (SBN) held as on November 8, 2016 and December 30, 2016 and transacted during the period from November 9, 2016 to December 30, 2016 ('the Period').

Particulars	SBNs	Other denomination notes	Amount Rs
Closing cash in hand as on November 8, 2016	-	-	481,075
(+) Permitted receipts	-	-	3,561,292
(-) Permitted payments	-	-	(61,853)
(-) Amount deposited in Banks	-	-	(3,947,836)
Closing cash in hand as on December 30, 2016	-	-	32,678

Note:

Above disclosure has been prepared based on books of account maintained by the Company as part of its normal operating policies and procedures. The Company's books of account does not facilitate collation of denomination wise breakup of cash balances as on November 8, 2016 and December 30, 2016 and cash transactions during the period from November 9, 2016 to December 30, 2016 ('the Period') and accordingly, the Company has provided details of 'total' cash balances as on specified dates and transactions during the Period.



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Manappuram Home Finance Private Limited

Notes to the Financial statements for the period ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 33

Due to Micro, small and medium scale undertaking

There are no amount due to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company as at March 31, 2017 and March 31, 2016. Further the Company has not paid any interest to any scale undertaking Micro, Small and Medium Enterprises during the year.

NOTE: 34

Segment Information

The Company is engaged in the business of providing housing finance loans within India. There being only one business segment and geographical segment, the segment information is not provided.

NOTE: 35

Previous year figures

Previous year figures have been regrouped / reclassified where necessary, to conform to this years's classification.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Bharath NS

Partner

Membership no.: 210984



Place: Chennai

Date : May 20, 2017

For and on behalf of the board of directors



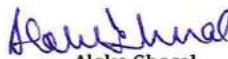
V. P. Nandakumar

Chairman



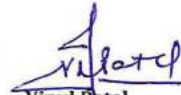
Shailesh J Mehta

Director



Alok Ghosal

Chief Executive Officer



Vipul Patel

Chief Financial Officer



Sreedivya S

Company Secretary

Place: Valapad

Date : May 20, 2017

