



# MANAPPURAM<sup>®</sup> FINANCE LIMITED



Make Life Easy

Ref: Sec/SE/313 /2015-16  
10<sup>th</sup> July, 2015

The Manager  
Dept of Corporate Relations  
Bombay Stock Exchange Limited  
PJ Towers, Dalal Street  
Fort, 25<sup>th</sup> Floor, Mumbai- 400001

Dear Sir,

**Sub: Annual Report for the year 2014-15**

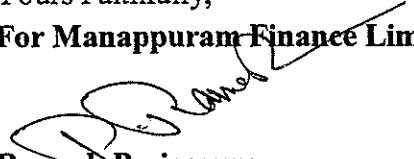
**Ref: Company Scrip Code: 531213**

We enclose herewith the Annual Report of the company for the financial year 2014-15 along with form A.

We request you to please take the same on your record.

Thanking You.

Yours Faithfully,  
**For Manappuram Finance Limited**

  
**Ramesh Periasamy**  
**Company Secretary**

CC to : National Stock Exchange of India Ltd  
5<sup>th</sup> Floor, Exchange Plaza  
Bandra East, Mumbai-400051



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

Corporate Office : (CIN-L65910KL1992PLC006623) IV/470A (old) W638A(New), Manappuram House, Valappad, Thrissur, Kerala - 680 567, India

# Form A

Format of covering letter of the annual audit report to be filed with the stock exchange

|   |                                                |                            |
|---|------------------------------------------------|----------------------------|
| 1 | Name of the Company                            | Manappuram Finance Limited |
| 2 | Annual financial statements for the year ended | March 31, 2015             |
| 3 | Type of Audit observation                      | Unqualified                |
| 4 | Frequency of observation                       | Not Applicable             |

*[Signature]*

Bharath N S  
Partner

Membership No. 210934  
S. R. Baliboi & Associates LLP  
ICAI Firm registration No. 101049W

Date: 8/7/2015

*[Signature]*

V.P. Nandakumar  
Managing Director & CEO

*[Signature]*

Kapil Krishan  
Chief Financial Officer

*[Signature]*

P. Manomohan  
Audit Committee  
Chairman

Date: 08<sup>th</sup> July, 2015



## A NEW VALUE PARADIGM

# 95.93 bn

Consolidated Assets under Management (AUM) as on March 31, 2015

# 25.64%

Capital adequacy ratio as on March 31, 2015

# 13.55%

Growth in AUM in FY 2014-15

# 22%

Increase in gold loan disbursement in FY 2014-15

# 16.58%

Rise in gold holdings as on March 31, 2015

# 0.97%

Net NPA as on March 31, 2015

# 0.97mn+

New customers added during FY 2014-15

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#### Forward-looking statements

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

# WE ARE PROUD OF OUR LEGACY AND WE LOOK TOWARDS THE FUTURE WITH CONFIDENCE.

**A powerful vision, guided by sustained meaningful action, has enabled Manappuram Finance to become one of India's most prominent value creators in the gold NBFC sector. We are now pursuing our second phase of growth by diversifying our products and services.**



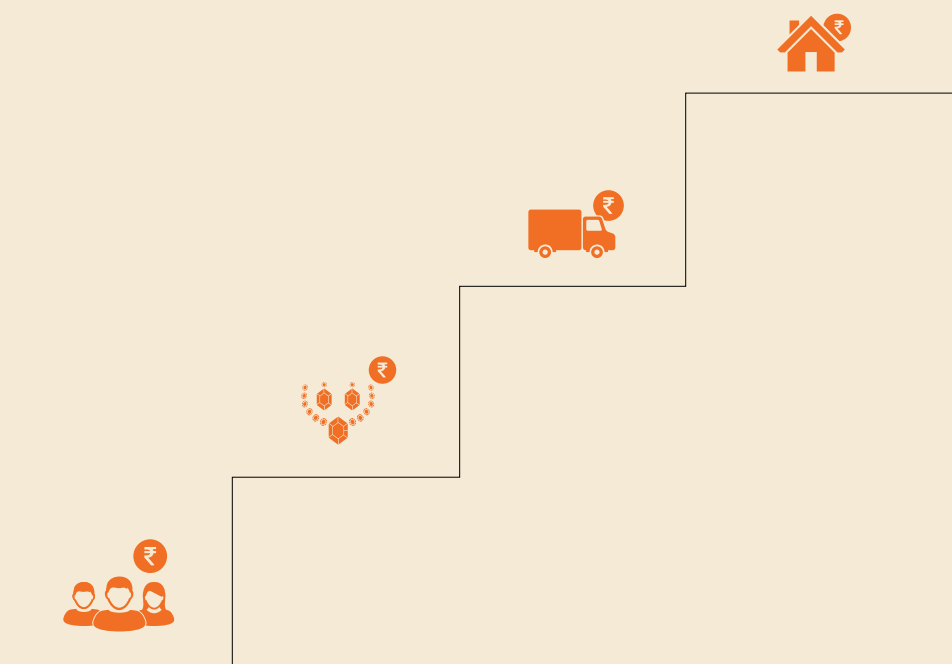
**Mr. V. C. Padmanabhan**  
(1916-1986)

The year was 1949 and Kerala was a small impoverished region in the newly independent India. Against this backdrop, one man showed courage and presence of mind to make a difference in the lives of farmers and fishermen of Valapad (a small village in Thrissur District of Kerala) by providing affordable and hassle-free loans. He was the Late V. C. Padmanabhan, who began the journey on a very modest scale.

What started as a small community financing option soon grew from strength to

strength. It was in 1992 that Manappuram General Finance and Leasing Limited was incorporated. It was renamed as Manappuram Finance Limited in 2011.

With a reputation for Trust, Commitment and Transparency going back for more than six decades, Manappuram Finance Ltd. has emerged as a force to reckon with, under the stewardship of Mr. V.P. Nandakumar, the Managing Director & CEO.



**WE HAVE ALWAYS PLAYED A PIVOTAL  
ROLE IN ENERGISING INDIA'S VAST  
RESERVES OF PRIVATE GOLD. WE  
HAVE CONTRIBUTED SIGNIFICANTLY  
BY HELPING THE COMMON PEOPLE  
OF INDIA FACE THE VICISSITUDES OF  
DAILY LIFE THROUGH THESE YEARS.  
THAT WAS THE FIRST PHASE OF THE  
MARATHON.**

**We are now entering the next phase, where we will be seeking new vistas of value creation for our existing and new customers, in the gold loans business and beyond. Seen from that perspective, the second phase will be a period of consolidation and steady growth of our gold loans portfolio, as well as of a transformation to leverage synergic opportunities.**

**During FY 2014-15, we made definite progress on our broad strategy to realise our objective.**

**We succeeded in making our business more resilient to gold price volatility by following judicious risk management practices.**

**We reached our upwardly mobile customer base with vehicle and housing loans, where the demand is steadily rising.**

**We catered to those at the bottom of the social pyramid through our microfinance venture, relying on the collateral-free, joint liability model.**

**Our entire portfolio of products is designed to serve those who are at the periphery of formal channels of finance; and we will continue to drive the agenda of social inclusion. Through greater scale, focus on technology, balance sheet strength and nationwide footprint.**

**We are strengthening a new value paradigm with our gold+ strategy.**

**To support those in need to rise and be a part of the nation on the move.**

## Undiminished Value

For over two decades, we have been unleashing the hidden potential of India's vast reserves of private gold. Over the years, we have transformed a tradition-bound business into a modern-day enterprise, introducing scale, technological depth, transparency and professionalism. We are India's first listed gold loan company and the first to be credit rated.

We are now enriching our portfolio of products by entering into housing loans, vehicle finance and microfinance. We are committed to deliver more value to a wider cross-section of customers, especially those unable to access formal channels of finance.

### OUR CORE VALUES



#### Customer-first strategy

Our products aim at delivering value to the customer, irrespective of social status. We believe time is precious and everyone is entitled to courtesy and prompt service with transparency.



#### Integrity

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



#### Cutting-edge technology

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

# 3,293

Pan-India branch network

# 4

Business verticals

# 30+

We source our funding from more than 30 banks and financial institutions.

# 1.75 mn

Satisfied customers as on March 31, 2015

# 15,863

Motivated team members

# 53.13 tn

Tonne of gold assets as on March 31, 2015

# 27

States/Union territories coverage

## OUR BUSINESSES

- Gold Loan
- Microfinance
- Housing Finance/ Loan against Property
- Commercial Vehicle Finance
- Money Transfer
- Foreign Exchange

## OUR CREDITWORTHINESS

- Credit rating history of 20 years (has investment grade rating since 1995)
- Short-term debt raising programme rated A1+ by Crisil (subsidiary of S&P) and ICRA (associate of Moody's)
- Long-term debt programme (NCDs) rated AA- by CARE.

## OUR FUND ASSURANCE

- Credit lines from several banks
- Strong pipeline of unutilised limits with banks and financial institutions
- Commercial papers from short term money markets
- Retail Non Convertible Debentures (NCD) and bonds

## OUR ACCREDITATIONS

We are the first NBFC from Kerala to be certified with the Authorised Dealer (AD) license by the Reserve Bank of India (RBI). It is permitted by Foreign Exchange Management Act (FEMA) and authorised by RBI for various money transfers.

## SHAREHOLDER VALUE

**NSE Ticker:** MANAPPURAM

**BSE Ticker:** 531213

**Dividend:** ₹ 1.80 per share  
(Face value: ₹ 2)

**Market capitalisation:**  
₹ 27,297.17 million as on  
March 31, 2015

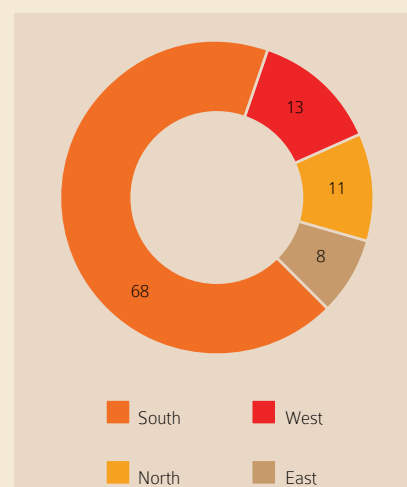
## PAN-INDIA FOOTPRINT



## Branch break-up

|       |      |       |
|-------|------|-------|
| North | 14%  | 457   |
| East  | 5%   | 168   |
| West  | 11%  | 363   |
| South | 70%  | 2305  |
| Total | 100% | 3,293 |

## Region-wise Gold Loan Outstanding (%)



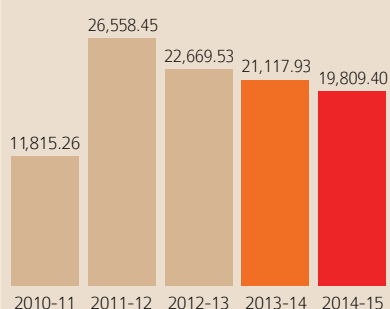
The share of the Southern region has come down from 82% in 2012 to 68% in 2015, indicating increasing acceptance of gold loans in the Western, Eastern and Northern regions.

# Encouraging Performance

## Total income (₹ in millions)

5-year CAGR

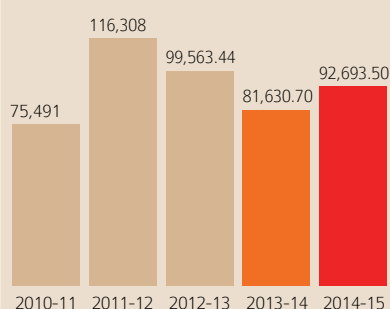
13.79%



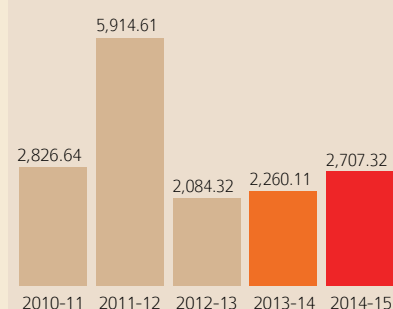
## Asset Under Management (AUM) (₹ in millions)

5-year CAGR

5.27%



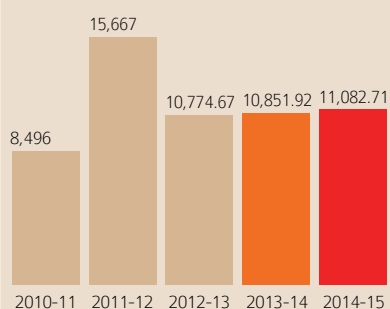
## Net Profit (₹ in millions)



## Net interest income (₹ in millions)

5-year CAGR

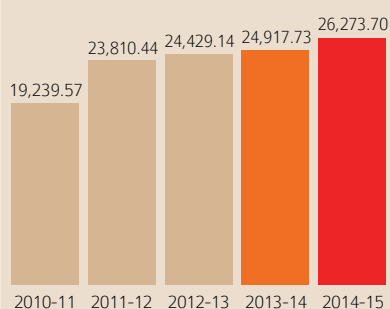
6.87%



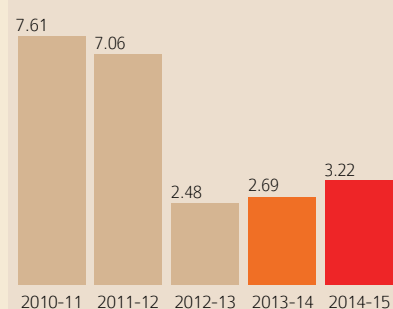
## Net Worth (₹ in millions)

5-year CAGR

8.10%



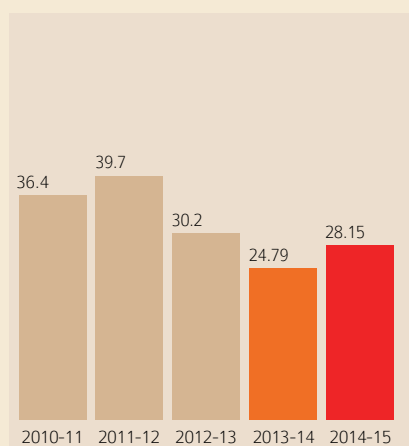
## Basic Earning per Share (EPS) (₹)



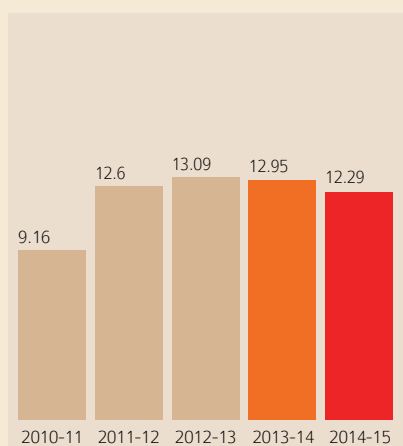
## Ratios

|                  | 2012-13 | 2013-14 | 2014-15 |
|------------------|---------|---------|---------|
| Net NPA          | 0.77    | 1.01    | 0.97    |
| Return on Assets | 1.58    | 1.9     | 2.44    |
| Return on Equity | 7.91    | 9.2     | 10.58   |
| Capital Adequacy | 22.49   | 27.68   | 25.64   |
| Debt Equity      | 4.02    | 3.13    | 3.19    |

### AUM per Branch (₹ in millions)

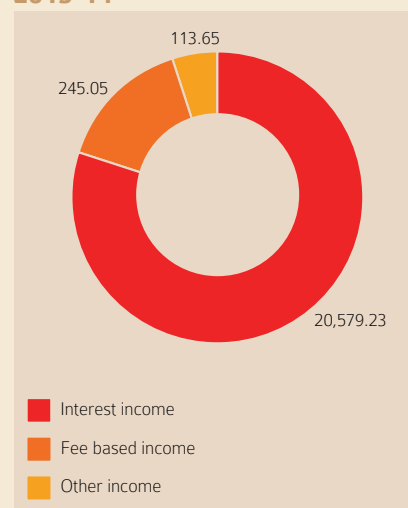


### Cost of Borrowing (%)

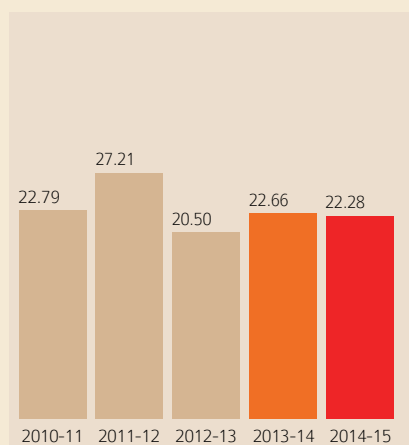


### Income Spread (₹ in millions)

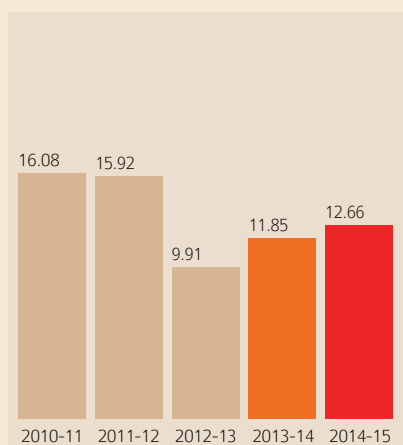
2013-14



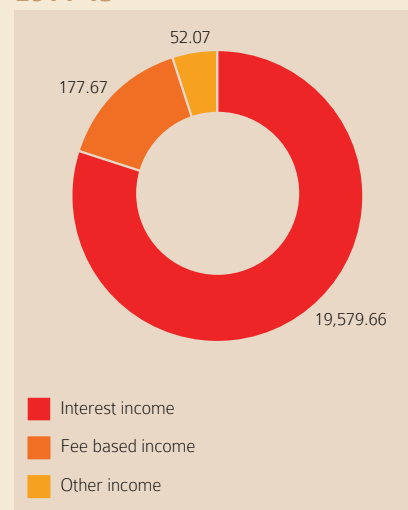
### Net Yield (%)



### Net Interest Spread (%)



2014-15



Pie charts not to scale

## MD & CEO's Message

It is my pleasure to present to you our 23rd Annual Report for the year ended March 31, 2015. After two years of decline in business volume, it feels very good to report all-round improvement in performance during the year. Profitability has improved substantially and once again there is brisk growth in the loan book. With the economy poised to take off, we are now well placed to deliver sustained growth.



⬆ 20%

₹271.31cr.

Net profit FY 2014-15

⬆ 17.5%

₹9,593cr.

AUM

In fact, the Indian economy has performed reasonably well in the last one year with all macroeconomic indicators showing distinct improvement. Industry is generally positive about the future. The recent downward trend in interest rates in India has aided sentiments. With moderating inflation, decline in crude prices and with economic reforms getting renewed push, there is reason to hope that interest rates will continue to decline over the coming years. That bodes well for India's financial services sector as a whole.

### OUTLOOK FOR THE GOLD LOAN BUSINESS

Gold prices were relatively stable during the year. Moreover, there was stability on the regulatory front. With the economy picking up, we are firmly back on the growth path after two successive years of decline in the loan book. During this phase of consolidation, we succeeded in making our business more resilient to gold price volatility by following tighter risk management practices.

In my letter to you last year, I had said that in order to address the issue of defaults, we were considering recalibrating our loan to value (LTV) ratio to link it to the tenure of the loan. The idea was that the maximum permissible LTV of 75% would be available on loans of shorter tenure (that we proposed to introduce) rather than one year as was the standard practice then.

I am glad to report that this has now been done. We launched shorter tenure gold loans ranging from three to nine months in June 2014 and, over the course of the year, we shifted more than two-thirds of our total gold loans portfolio to these shorter tenure buckets. It has reduced our vulnerability to fall in gold prices, although the full benefits of this shift are expected to accrue from the current year onwards. Interest collection is being given more focused attention and a system of regular, periodical collection of interest has been introduced across our branches. Moreover, our credit rating was upgraded by CARE to AA- and the improved

credit and risk profile enabled us to lower our cost of funding significantly. In fact, our borrowing cost declined by about 70 bps over the course of the year. All these enabled us to report encouraging results with substantially higher profits during FY 2014-15.

### DIVERSIFICATION

In my letter last year, I had said that while India's vast stock of gold in private hands offered ample opportunities for growth to the gold loan business, it had become clear that India's regulatory establishment was uncomfortable with large, systemically important NBFCs focused solely on gold loans. Rightly or wrongly, the perception is that such companies are more risky. That was the initial reason why we decided to diversify our portfolio and venture into other asset classes for lending. Importantly, we also saw great opportunities in areas like microfinance, mortgage backed finance focused on affordable housing segment and loans for commercial vehicles.

As an established gold loan NBFC, we have long dealt with the segment just above the bottom of the pyramid, i.e. those who possess some amount of gold. Over the years, gold loans have been undergoing a steady shift; from a largely distress product, it is increasingly becoming a lifestyle product. Therefore, it made sense for us to move up the value chain with products like vehicle and housing loans targeting our upwardly mobile customer base. In the case of microfinance, the rationale works the other way round. Many customers own limited amounts of gold and have a requirement for funds beyond the collateral value of their gold. This segment can now be catered to through our microfinance venture using the collateral free, joint liability model.

During the year, we completed the acquisition of Asirvad Microfinance, a seven-year-old company with an AUM of ₹ 322 crores (as on March 31, 2015) and a presence mainly in Tamil Nadu, Karnataka and Kerala. We intend to expand its business to more states. The microfinance sector has

**WE COMPLETED THE ACQUISITION OF ASIRVAD MICROFINANCE, A SEVEN-YEAR-OLD COMPANY WITH AN AUM OF ₹ 322 CRORES (AS ON MARCH 31, 2015).**

## MD & CEO's Message



CONSOLIDATED NET  
PROFIT FOR THE YEAR  
ENDED MARCH 31, 2015  
HAS GONE UP TO ₹ 271.31  
CRORES, A COMMENDABLE  
INCREASE OF 20%,  
COMPARED TO ₹ 225.98  
CRORES REPORTED IN  
FY 2013-14.

made a strong comeback in recent months and, with a stable regulatory environment in place, future prospects are bright. As a subsidiary of Manappuram, Asirvad will benefit by access to lower cost funds which, in turn, will enable expansion to other states. In the coming quarters, we expect microfinance to contribute significantly to our growth along with other new businesses.

We have also made good headway with the launch of the mortgage based loans – housing loans and loans against property and commercial vehicles businesses. Leadership teams are almost fully in place and we have already set up our presence in the market place. We expect further pick up in the current year. In short, we are on course to moving away from the exclusive focus on gold to, what we would call, Gold +.

### RESIDUAL REGULATORY ISSUES

I mentioned earlier that the stability on the regulatory front has been positive for the gold loan sector. In fact, the trigger for improvement in market sentiment was the decision by RBI in January 2014, increasing the loan-to-value ratio for gold loans given by NBFCs to 75 per cent. It leveled the playing field for NBFCs vis-a-vis the commercial banks and set the stage for revival.

However, the one pending issue as far as we are concerned is that securitised assets originated by NBFCs, where the underlying assets are loans against gold jewellery, continue to be excluded from priority sector status. At the same time, gold loans given by banks to the agricultural sector enjoy priority status benefits. We believe this distinction amounts to discriminatory treatment of NBFCs (vis-à-vis banks) and have been asking for a restoration of the status as prevailing until February 2011, when gold loans by NBFCs too were eligible for priority sector status.

In this context, there is also some confusion whether the government's proposed gold monetisation scheme will affect the gold loans business. As a matter of fact, we do not foresee any impact on our business. The monetisation scheme will interest those who have surplus gold in bullion form and which is kept locked up in safes and vaults. In contrast, the gold loan business targets that segment who have limited savings held in the form of gold jewellery, and who occasionally need to draw money against it.

### OUR PERFORMANCE

Fiscal year 2014-15 marked a turnaround as the Company was able to regain the growth track and report encouraging results. Consolidated net profit for the year ended March 31, 2015 has gone up to

**AN INTERIM DIVIDEND OF ₹ 0.45 PER SHARE IS DECLARED OVER AND ABOVE THE INTERIM DIVIDEND OF ₹ 1.35 PER SHARE ALREADY PAID EARLIER IN THE YEAR.**

₹ 271.31 crores, a commendable increase of 20%, compared to ₹ 225.98 crores reported in FY 2013-14. Consolidated operating income for the year stood at ₹ 1,986.42 crores, a marginal decline of 5.4% in comparison to ₹ 2,100.46 crores recorded the year before.

Our higher profits were largely due to interest cost declining by ₹ 149.18 crores during the year and also the growth in volumes. Total gold loan disbursements during the year went up to ₹ 24,683 crores from ₹ 20,292 crores of the previous year. Likewise, the Company's consolidated Assets under Management (AUM) also registered a good growth, going up by 17.5% to ₹ 9,593 crores from ₹ 8,163 crores recorded in the previous fiscal year. Indeed, the growth in AUM was consistent across the four quarters, reflecting the depth of market revival. An interim dividend of ₹ 0.45 per share is declared over and above the interim dividend of ₹ 1.35 per share already paid earlier in the year. Accordingly, total dividend for the year will amount to ₹ 1.80 per share of face value of ₹ 2.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Companies Act 2013 has now made it mandatory for corporate entities to spend minimum 2% of their average Profit Before Tax for the last three financial years on social welfare. However, at Manappuram, we have been active in the CSR sphere from our earliest days. In 2009, we set up the Manappuram Foundation with the objective of funding and managing grassroots programmes in healthcare, education, empowerment of women, and charity. A more detailed account of the various activities currently undertaken by the Foundation has been given elsewhere in this report.

All the same, I would like to make a special mention of the Foundation's initiative in education, the Manappuram Academy for Professional Education, which provides free coaching to students from weaker sections to enable them to qualify as chartered

accountants, company secretaries and many other professions. Today, I can say with a sense of pride that our CSR mission has generated abundant goodwill for the Company and earned us a coveted place among the model corporate citizens of the state.

### **THANK YOU**

I am grateful to all our shareholders and all other stakeholders for their unwavering support to the Company through its days of challenge and setbacks. We are thankful to the Reserve Bank of India for maintaining stability in a potentially volatile environment. Also, thanks to their encouragement, we have taken the plunge and ventured into promising areas like microfinance, affordable housing finance and vehicle loans. I now seek your continued support so that we can sustain the revival and keep growing the business over the coming years.

I am confident that we can go further and achieve much more together.

With best wishes,

**V.P. Nandakumar,**  
Managing Director and CEO

## Looking Ahead

Here we present a brief insight into those sectors, which will drive our gold+ strategy.



### AFFORDABLE HOUSING FOR ALL

The housing sector is not just an indicator of social prosperity, it is also a key multiplier in the nation's economic growth, considering its deep social and economic linkages. However, most of the housing development initiatives in India so far have largely targeted the high or the mid-income population. Therefore, there remains a significant gap between supply and demand for the mid/low-income and informal sector population – the affordable home segment. Housing demand for those at the lower end or the bottom of the pyramid remains largely unmet. It is an acute need that India needs to address with urgency to strengthen social equity and inclusive growth.

In terms of housing finance, majority of the loans disbursed have naturally been to the high/mid-income groups due to easier availability of proofs for credit assessment. In contrast, for the mid/low-income and those in the informal sectors, the ability to raise finance has always been a challenge. Affordable housing finance is a focus area of the government now, given its objective of financial inclusion.

The government's vision of housing for all citizens by 2022 will require the development of about 11 crores houses with investments of over US\$ 2 trillion. While this is a long-term estimate, even if some proportion actually hits the market in the next few years, it will translate into an immense loan opportunity [Source: KPMG].

## US\$ 2 tn

The Government's vision of housing for all citizens by 2022 will require the development of about 11 crores houses with investments of over US\$ 2 trillion.



### LENDING A HELPING HAND

Following consolidation in the last few years, the road ahead for India's microfinance institutions (MFI) is indeed quite promising. Despite challenges, the microfinance sector is poised to grow at a CAGR of 24% over FY 2015-19 [Source: India Ratings and Research Report].

MFIs, which provide small loans to low-income borrowers, have expanded in Uttar Pradesh, Maharashtra, Madhya Pradesh and Bihar, and continue to grow in their traditional strongholds of South Indian states.

The sector needs to evolve in terms of scale, footprint, technology integration and professionalism to provide a range of services to the disadvantaged and marginalised section of the population.

In line with the government's agenda of financial inclusion, MFIs can play a more meaningful role through conversion into small banks. This can provide an MFI access to low-cost funds (savings) and reduce costs, which could translate to lower interest rates on loans.

## 24% CAGR

The microfinance sector is poised to grow at a CAGR of 24% over FY 2015-19



### SHIFTING GEARS

With the Indian economy gaining momentum the commercial vehicle segment is poised to grow significantly, going forward. More focus on infrastructure creation and manufacturing will drive the demand for commercial vehicles. The government's 'Make in India' initiative augurs well for the sector.

The demand for commercial vehicles will continue to remain strong, driven by improving road networks in Tier II and Tier III cities and villages and enhanced economic activity in these regions. The growth of this segment will also generate considerable self-employment opportunities.



# GROWING DIVERSITY



**We have reached a stage in our corporate evolution from where we can diversify into synergic products and services, and create a vibrant multi-line business. We have already started our journey to fulfil that objective, leveraging our experience and expertise in the gold loan business.**

Such a strategy has three advantages. First, it will address the regulatory discomfort with mono-line NBFCs, because that entails concentration risk. Second, it will enable us to cater to our existing and new customers with new products and services. Third, and most importantly, we are helping accelerate the government's agenda for financial inclusion by addressing the needs of the disadvantaged sections of the population.

## WHAT WILL DRIVE THE STRATEGY?

- ✦ We will utilise surplus capital to build or acquire new lending products relevant to our existing retail customer base.
- ✦ We expect to leverage our strong customer base, retail branch network and the Manappuram brand image.
- ✦ We hope to diversify the revenue mix and improve structural return on equity (RoE).
- ✦ We expect to capitalise on our proven operational capability to process large volume, small ticket lending transactions with semi-urban and rural customers.

## NEW BUSINESSES



### Housing Finance

As a first step towards entry into the Housing Finance sector, we acquired Milestone Home Finance Company Pvt. Ltd. (Milestone) (a company possessing a valid Certificate of Registration from the National Housing Bank) as our fully owned subsidiary. It was renamed as Manappuram Home Finance Pvt. Ltd. (MAHOFIN). It started commercial operations in January 2015 from four branches (Mumbai, Pune, Chennai and Madurai) and its loan portfolio stood at ₹ 2.20 crores as on March 31, 2015. Going forward, it will open more branches in urban and semi-urban locations in South and West of India.

Our focus would be to tap into the opportunities in the affordable housing segment and provide high-quality service by implementing best industry practices. We have invested in cutting-edge IT Systems. We have introduced attractive home loan products and more customised offerings are in the offing.

With buoyant demand, professional management and strong brand and network support of the parent, we expect to grow the business significantly in FY 2015-16.



### Microfinance

During FY 2014-15, we diversified into the business of microfinance through the acquisition of a majority stake in Asirvad Microfinance Private Limited, one of the leading microfinance institutions in Tamil Nadu. We aim to contribute to the broader agenda of financial inclusion through this acquisition. Asirvad Microfinance is an eight-year old NBFC – MFI (Non banking financial company – Microfinance Institution), headquartered in Tamil Nadu with operations in Tamil Nadu, Kerala and Karnataka.

We are contributing to help improve the quality of life of people, who lack access to formal channels of credit. We firmly believe that the synergy achieved through this acquisition would help scale the microfinance portfolio in a sustainable and effective manner for the benefit of all stakeholders.



### Commercial vehicles

During FY 2014-15, we launched loans for commercial vehicles, selectively in Southern and Western India. Gradually, we propose to expand to the country's other regions in a phased manner. Our strategy envisages financing commercial vehicles to the under-served category of customers. This segment is largely unorganised, without formal access to banking and other financial institutions.

# 50%

Over the next five years, we hope 50% of total AUM will come from sources other than gold loans. This will mitigate the risk of being a single-product NBFC.

# TECHNOLOGICAL INNOVATIONS



**This being the age of disruptive technological innovations and unique business models enabled through the same, we have embarked upon introducing many such initiatives.**

We remain conscious of the necessity to build up technological platforms necessary to become future-relevant, in tune with changing social habits and preferences of our customers, thereby staying clearly ahead of our market competitors. To help spearhead all future technological innovations and business differentiation projects, we have set up a new institution called the Manappuram Centre of Excellence and Innovation (MaCE Inn) at Bengaluru. In fact, we were recently felicitated as the winner of KMA NASSCOM IT Innovations award for 2014-15.



Few such innovations with the potential to transform our business and put it on high trajectory of growth include:

#### **Network Enabled Keyless eLockers:**

We have embarked on the development of a network-enabled keyless eLocker system for the storage of gold, using cutting-edge internet of things (IoT) and machine to machine (M2M) protocols. Thousands of such keyless gold deposit lockers can be operated remotely in an automated mode by centrally managed software applications, residing in the data centre. The automated operation will include opening, closing, auditing and remote monitoring of such lockers and gold assets, through secured encrypted IT systems.

**Gold Loan Kiosks:** As a result of developing the keyless network-enabled gold deposit lockers, we will be in a position to reduce the size of our existing branches to small gold loan kiosks. Each kiosk may be of the size of a small office cabin, with built-in eLockers and manned by just two employees. Such a strategy will substantially reduce the operating expenses. Later, this idea can even be extended to build fully-automated vehicle based mobile kiosks for gold loans.

#### **NEXT-GEN ONLINE GOLD LOAN SERVICES**

It is envisaged that very soon Manappuram may be able to segregate the gold loan business into two specialised verticals:

#### **Gold Depository Services**

This can be offered to customers who may have no immediate requirement for gold loan. The depository centres will allow the customers to handover the custody of their gold assets to us, primarily for safekeeping. The highly secured gold depository centres will be built around an array of keyless eLockers within a strong room. Unlike bank safe-deposit lockers in vogue today, the customers will be given a bona-fide receipt (thereby taking over the liability in terms of custody) for the quantity and quality of gold deposited with us. There may even be provisions for the depositors to view their assets online through remote IR cameras, placed inside eLockers.

**Online Gold Loans:** Customers who have availed the gold depository services will automatically become eligible for gold loan, up to the LTV limits. When such customers need gold loans, they can apply for the same from anywhere online, without physically visiting any branch. Loan within permissible limits of LTV can be disbursed to a customer's bank account or eWallet card online, almost instantly, 24/7. The software system will automatically check the eligibility criteria before disbursing such loans. Over the coming months, we also plan to launch a mobile phone app, using which our registered customers will be able to take online gold loans, with least efforts, anytime, anywhere at their convenience. The loan amount will then get seamlessly transferred to the customer's bank account

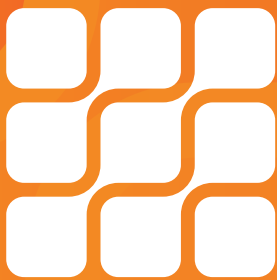
within few minutes. Substantial reduction in transactional and operational cost due to the same can be passed on to the customer, in the form of discounted interest rates, thereby attracting more customers towards our business. From the customer's perspective, after handing over the custody of gold to us, as part of depository service, they would not need to physically visit a branch for any gold loan related transactions. The customers would naturally have the freedom to take back the custody of their gold, as long as there are no pending loan related dues against them.

#### **AUTOMATIC INTRUSION ALERT MANAGEMENT SYSTEM (AIAMS)**

Recently implemented state-of-the-art, centralised Automatic Intrusion Alert Management System (AIAMS) provides higher degree of security to customers at our branches. As soon as the sensors located at our branches detect a potential intrusion attempt, the networked system will send an alert to our central monitoring station. The on-duty security staffs at the central monitoring station are able to view direct video stream from the cameras located at any branch. Secondly, the system will automatically generate alerts to our emergency reaction teams (ERTs) on patrol near the site, prompting them to immediately respond and mitigate the threat. They will receive these alerts through three separate modes - SMSs, emails and auto phone calls. Those having email access can also follow a URL within the mail and get direct video stream of the particular site. This will ensure quick and effective response.

As per study by KPMG, they had fully endorsed the viability of AIAMS and estimated a saving of ₹ 100 crores to us over three years. Once the roll-out is complete, we will become India's only NBFC to have adopted such advanced state-of-the-art surveillance technology, in an integrated and centralised configuration.

# BUSINESS DIFFERENTIATORS



**We are serving our customers responsibly, efficiently and innovatively across all levels of operations. By embracing industry-leading technological innovations, we are continuously pushing our frontiers of excellence.**

All our branches across the country operate online with direct access to the centrally hosted applications, through our wide area data network. To obtain best-of-the-world technological knowhow and systems stability, our complete IT ecosystem ranging from end user device support, wide area network management to data centre and applications management are managed by IBM through a 10 year strategic outsourcing contract. IBM is also in the process of implementing Oracle EBS based ERP system for finance and HRMS, as part our organisational transformation strategy. We continue to differentiate us from other market competitors by proactively developing new technological platforms, to offer ease of operations and transparency for our customers

Some of the technological initiatives undertaken by us over the last year, to help us differentiate our business offerings are:

**Online Payment Gateway:** The online payment portal introduced last year is used by customers to pay interest, principle, or make any other remittances to us. This is a pioneering initiative in the gold loan business in India.

**Immediate Payment Service:** We implemented the IMPS platform to enable immediate online transfer of loan proceeds directly to the bank accounts of customers. It is a safe, secure, convenient and transparent way of loan transaction. In the near future, we will attempt to completely replace cash transactions with various online payment transfer systems integrated with our systems.

**Domestic Money Transfer:** We launched 'Domestic Money Transfer' platform where funds can be remitted across India in a matter of minutes.

**eKYC system:** This is a system of biometric analysis of customers' credential using Aadhaar authentication process through UIDAI. It will benefit our operations, and also replace the paper based collation of documents to comply with Know Your Customers (KYC) norms.

**eWallet Cards:** We are working on 'eWallet cards' to replace cash transactions with customers who lack access to a bank account.

## ENTERPRISE COLLABORATION PLATFORMS

### Intranet based on MS SharePoint:

All our departments can now have their own unique customised websites/dashboards within our intranet. Using this platform they should be able to post policies, circulars, announcements, training content, online

publications, media content, approval workflows and performance management, among many others. Employees can access this site anytime to view any relevant content. This platform can lead us to minimise the use of physical paper with potential for substantial savings in cost.

### Corporate Social Networking Platform based on MS Yammer:

This platform is very similar to Facebook, but within our full control. It provides a controlled forum for social media interaction among our young employees.

**Virtual Training Platform:** We are currently in the process of setting up a comprehensive Video Conferencing solution for online training of our employees by connecting all our 32 regional offices spread across the country with the HO.



# BRAND TRACTION

We increased our marketing initiatives across branches and key markets. We significantly enhanced our marketing spend with growing BTL and ATL activities.

Our positioning has always been centred on the ease and convenience of gold loans. Our endeavour is to make people aware of gold loans as a first reliable option rather than a last resort.

## OUR BRAND AMBASSADORS

Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Mithun Chakraborty, Sachin Khedekar and Uttam Mohanty. We have gained mileage from our celebrity endorsements in terms of enhanced visibility and growing business.



Puneeth Rajkumar



Mohan Lal



Vikram



Akshay Kumar



Mithun Chakraborty



Venkatesh



Uttam Mohanty



Sachin Khedekar

## Ready Talent

At Manappuram, we believe a determined and motivated team can drive our long-term growth strategies sustainably. We are imparting industry relevant training to our people and providing them the right environment to grow their professional acumen.



Participants of a Training Programme on customer satisfaction at Allahabad



The renowned motivational speaker Shiv Khera at Manappuram, for an exclusive day-long session with the Company's executives

### PROACTIVE TRAINING INITIATIVES

- ✦ We appointed an experienced professional as vice-president to strengthen the human resource function. An ex-senior executive from a nationalised bank has been entrusted with the responsibility to develop our talent pool.
- ✦ We have a state-of-the-art Manappuram School of Training (an apex training college) at Valapad to impart need-based and compulsory training to employees. We also plan to set up four apex training centres across four metro cities.
- ✦ We strengthened our training modules of Know Your Customer (KYC), statutory compliance, fair practices code, risk management, gold and credit appraisal, soft skill and behavioural science, among others.
- ✦ We strengthened mandatory e-learning systems for continuous education of employees.

- ✦ We introduced proper training need analysis and evaluation of effectiveness of training to understand world-class practices and changing requirements of customers.
- ✦ We revitalised the executive development programme, focusing on soft skills (customer service and leadership skills, and so on). We have changed the earlier classroom training methods to interactive sessions, based on analysis of case studies.

### EMPLOYEE WELFARE AND MOTIVATION

- ✦ We introduced fast track career progression path and succession plan to retain best talent.
- ✦ We introduced an incentive scheme for our employees on the basis of performance differentiation. This is with a view to retain employees in critical areas and build future leadership pipeline.
- ✦ We are providing opportunities to

our young leaders to work in higher capacity in selective corporate office assignments. We are developing them as the Company's future leaders, which is primarily a succession plan for future years. Hundred young leaders are identified internally, and initial training is imparted by KPMG.

### EMPLOYEE PERFORMANCE MANAGEMENT

- ✦ We introduced a well-structured Performance Management System (PMS), designed by KPMG for all employees. Senior leaders were given orientation and the first round of employee appraisal was carried out during the year under review. We will introduce online PMS in the next financial year.
- ✦ We have implemented a systematic succession plan by selecting, training and placing our professionals at various levels of respective departments.

## Community Wellbeing

We are relying on our culture of learning and education to enhance value for the community. Our community initiatives are driven by the Manappuram Foundation. We promote healthcare, education, empowerment of women and also provide help and support to senior citizens, among other initiatives.



Blood Donation Camp organised by the Manappuram Foundation

### HEALTHCARE

#### Janaraksha Manappuram Sowjanya Arogya Insurance Scheme

Launched in 2010, the scheme provides free health insurance to one lakh people belonging to the BPL category in the coastal belt of Thrissur district. The Foundation has also set up Counselling Centres in Panchayats to assist people in need. The active involvement and co-operation of the local government representatives contributed significantly to the success of the scheme.

#### Manappuram Janaraksha Sowjanya Arogya Suraksha Padhathi

The Foundation provides 75% reimbursement on the charge of clinical and laboratory tests of Janaraksha Manappuram

Cardholders. These families are eligible for a discount of 20% on medicines purchased from approved pharmacies. Besides, regular medical camps were also organised in Panchayats.

#### Specialised Counselling Centres at Thrissur

The Thrissur Centre provides specialised counselling services to people in need. It also conducts pre- and post-marital counselling, medical camps, as well as training for income generating programmes. The Centre imparts income generating trainings to inmates of the Women's Prison at Viyyur. The Foundation has donated six sewing machines for this purpose.

#### Dialysis Treatment

The Foundation has donated two dialysis machines to the Perungottukara Association, which provides free dialysis treatment to the marginalised section of the population. The Association provided free dialysis treatment to almost 250 patients each month.

#### Palliative Care Clinic

The Foundation has rendered substantial financial assistance to Alpha Pain and Palliative Care Clinic, Edamuttam, which provides exemplary services to patients in need of such care.

#### Assistance for Mentally Handicapped Adults

The Foundation has funded the new project of the Association of Mentally Handicapped Adults (AMHA) at Thaikattussery. The

## Community Wellbeing



Manappuram Academy for Professional Education at Tripurayar, Thrissur District



Janaraksha Manappuram Free Health Insurance Scheme for BPL - Cheque distribution

Centre is headed by Prof. Bhanumathi, a President's Award winner, and it renders yeoman service to mentally challenged adults.

### OLD AGE HOMES AND DAY CARE FACILITIES FOR SENIOR CITIZENS

#### Pakal Veedu (Day Care Centre)

The 'Pakal Veedu' project was launched in 2013 in partnership with the Thalikulam Vikas Trust to help senior citizens. The 'Pakal Veedu' provides relief to senior citizens and their family members, residing in Thalikulam Panchayat. A comprehensive geriatric care programme has also been implemented for people in and above 65 years.

### EDUCATION

#### Manappuram Academy of Professional Education

The Manappuram Academy of Professional Education imparts free coaching classes for students hailing from the marginalised section. Almost 65% students from this Academy cracked the IPCC examination, conducted by the CA institute.

#### Manappuram Academy for Entrance Coaching (MAEC)

The Manappuram Academy for Entrance Coaching (MAEC) provides coaching for medical and engineering entrance examination to the economically marginalised bright students.

#### English for self confidence

Free coaching classes are conducted to benefit school students in coastal areas to improve their English communication skills.

#### Empowerment of generation next

The Foundation has instituted Scholarships to students of SNS Samajam Vidya Mandir, Edamuttam from BPL families and to MBA students of Kerala University of Fisheries & Ocean Studies (KUFOS). The Foundation is also in the process of setting up a Public School for meritorious students hailing from the marginalised sections.

#### S.N. College, Nattika

The Foundation has committed to a donation of ₹ 25 lakhs to S.N. College, Nattika, for the construction of their new library building.



Onam Celebrations: New clothes being distributed to the beneficiaries of the 'Pakalveedu' (day care centre for senior citizens)



Donation to 'Mission Zero Landless Kerala'

### **'Management House' for Thrissur Management Association (TMA)**

The Foundation was the Platinum Sponsor of the newly acquired 'Management House' of the Thrissur Management Association, having donated a sum of ₹ 25 lakhs for the purpose.

The Foundation provided financial assistance to the Kerala State Higher Education Council, Thiruvananthapuram, for an endowment fund named 'V.C. Padmanabhan Memorial Manappuram Endowment Fund'. The endowment will be awarded to students belonging to the OBC community, for pursuing higher education in business studies at Cochin University of Science and Technology (CUSAT).

### **EMPOWERMENT OF WOMEN**

#### **Sarojini Padmanabhan Women Empowerment Programme**

The Foundation has set up three centres named 'Ma Mahima' at Palakkad, Ernakulam and Thrissur under the "Sarojini Padmanabhan Women Empowerment Programme". The objective is to make women self reliant with income generating skills.

### **OTHER INITIATIVES**

- ✚ The Foundation contributed an amount of ₹ 25 lakhs to the Government of Kerala for its 'Mission Mode Project towards Zero Landless State by 2015'. The project aims to provide land to landless people to ensure social development.

## Board of Directors



**1 Jagdish Capoor**



**2 V. P. Nandakumar**



**3 I. Unnikrishnan**



**4 B. N. Raveendra Babu**



**5 Shailesh J. Mehta**



**6 P. Manomohan**



**7 V. R. Ramachandran**



**8 Mr. Rajiven V.R.**



**9 Mr. E. A. Kshirsagar**



**10 Mr. Pradeep Saxena**



**11 Dr. Amla Samanta**

**1 Jagdish Capoor****75, Chairman, Independent and Non-Executive Director**

He holds a master's degree in Commerce from Agra University and a fellowship from the Indian Institute of Banking and Finance. He has over 39 years of work experience in banking and finance. He has, in the past, worked as the Deputy Governor of the Reserve Bank of India, Chairman of HDFC Bank, BSE, Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and also as a Director on the Boards of several commercial banks. Currently, he is on the Boards of Indian Hotels Company Limited, Assets Care Enterprise Limited, Indian Institute of Management, LIC Pension Fund Limited and is the Chairman of Quantum Trustee Company Private Limited. He is a Director of our Company since July 20, 2010.

**2 V. P. Nandakumar****61, Managing Director and CEO**

He holds a master's degree in Science from Calicut University. He is the chief Promoter of the Manappuram Group of Companies and has in the past been associated with the banking industry in various capacities. He is the Chairman of the Equipment Leasing Association (India) and the Kerala Non-Banking Finance Companies Welfare Association. He is a national executive committee member of FICCI. He is a Director of our Company since July 15, 1992.

**3 I. Unnikrishnan****51, Non-Executive Director**

He holds a bachelor's degree in Commerce from Calicut University and is also a fellow member of the Institute of Chartered Accountants of India. He has experience in rendering advisory services relating to NBFCs. He has in the past, worked with HAWA-MK Electrical Limited. He has been a Director of our Company since October 11, 2001. He was re-designated as the Non-Executive Director w.e.f. December 1, 2014.

**4 B. N. Raveendra Babu****63, Executive Director**

He holds a master's degree in Commerce from the Calicut University and completed his inter from the Institute of Certified Management Accountants. He has worked in a senior position in the Finance and Accounts Department of Blue Marine International in the U.A.E.

He has been the Director of our Company since July 15, 1992. He was appointed as the Joint Managing Director on January 11, 2010 and re-designated as Executive Director on May 19, 2012.

**5 Shailesh J. Mehta****66, Independent and Non-Executive Director**

He has completed his Bachelor of Technology in Mechanical Engineering from Indian Institute of Technology, Mumbai, and holds a master's degree in Science in Operations Research from Case Western Reserve University. He holds a Doctor of Philosophy degree in Operation Research and Human Letters from the California State University and in Operation Research and Computer Science from Case Western Reserve University. He has over 38 years of work experience and has held the positions of President, Granite Hill Capital Ventures, Chairman and Chief Executive Officer, Providian Financial Corporation, operating general partner, West Bridge Capital, President and Chief Operating Officer, Capital Holding and Executive Vice President, Key Corp (formerly Ameritrust). He has also held the positions of Chairman and Chief Executive Officer, Providian Financial Corporation and President and Chief Operating Officer, Capital Holding. He is a Director of the Company since August 17, 2009.

**6 P. Manomohan****73, Independent and Non-Executive Director**

He holds a bachelor's degree in Commerce from Kerala University and also a diploma in Industrial Finance from Indian Institute of Bankers. He is also a Certified Associate of the Indian Institute of Bankers. He has over 38 years of work experience in the RBI and in the regulatory aspects of NBFCs. He has in the past held the post of General Manager of Reserve Bank of India. He is a Director of the Company since August 18, 2003.

**7 V. R. Ramachandran****62, Independent and Non-Executive Director**

He holds a bachelor's degree in Science from the Calicut University and a bachelor's degree in law from the Kerala University. He has over 32 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association. He is a Director of the Company since April 19, 2002.

## Board of Directors

### **8 Mr. Rajiven V.R.**

#### **64, Independent and Non-Executive Director**

He holds a Bachelor of Science degree and has completed his LLB from Govt. Law College, Ernakulam. He joined the Indian Police Service (IPS) in 1977. A highly decorated IPS Officer and recipient of the President's Police Medals for Meritorious Service and for Distinguished Service, the highest honour for policemen in the country. Shri Rajiven brings to the Board a wealth of experience in areas like Leadership and Staff Management, Strategic Management, Financial Control / Budgeting, Team Development, Human Resources, Recruitment and Development, Fleet Management, Material Infrastructure Management and Disaster Management.

### **9 Mr. E. A. Kshirsagar**

#### **73, Nominee Director**

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

### **10 Mr. Pradeep Saxena**

#### **67, Nominee Director**

Mr. Pradeep Saxena is a Fellow of the Institute of Financial Services, London and Master's in Management Sciences, from the University of Bombay. He has around 30 years of experience in International Banking and five years in Information Technology. Earlier he was MD & CEO of South East Asia Region of ING Barings and Executive Director with Merrill Lynch International. He was President of e Funds International from 2000 to 2003. He has worked in Senior Management Positions of various International Banks. At present, he is engaged in the areas of Financial Services, Heavy Industry, Information Technology and Education.

### **11 Dr. Amla Samanta**

#### **60, Non-Executive Director**

Dr. Amla Samanta completed her Bachelor of Science from the University of Mumbai, and holds a master's degree in biochemistry from G. S. Medical College, Mumbai. She is also a doctorate in medical biochemistry from G. S. Medical College, Mumbai. She has over 35 years of experience and started her career as a lecturer in G. S. College, Mumbai. Mrs. Samanta served as a chemist in various pharmaceutical companies. She was also on the Local Advisory Board of the Bank of America. She has been Director of HDFC Bank and HDFC Securities. Prior to this she was a Consultant Bio-Chemist at Lilavati Hospital. At present, she is serving as the Managing Director of Samanta Organics Pvt. Ltd., Tarapur and Ashish Rang Udyog Pvt. Ltd, Tarapur. She is a Non-Executive Director of our Company since March 17, 2015.

# GOVERNANCE REPORTS & FINANCIAL STATEMENTS

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# Directors' Report

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

To the Members,

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended March 31, 2015.

## 1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS

(₹ in million)

| Description                                 | Standalone      |                 | Consolidated    |                 |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                             | 2014-15         | 2013-14         | 2014-15         | 2013-14         |
| Gross Income                                | 19,809.40       | 21,117.93       | 19,934.27       | 21,118.27       |
| Total Expenditure                           | 15,685.12       | 17,687.43       | 15,797.54       | 17,688.02       |
| <b>Profit Before Tax</b>                    | <b>4,124.28</b> | <b>3,430.50</b> | <b>4,136.73</b> | <b>3,430.25</b> |
| Provision for Taxes/Deferred tax            | 1,416.96        | 1,170.39        | 1,421.96        | 1,170.44        |
| Minority interest                           | -               | -               | 1.60            | -               |
| <b>Net Profit</b>                           | <b>2,707.32</b> | <b>2,260.11</b> | <b>2,713.17</b> | <b>2,259.81</b> |
| Profit b/f from previous year               | 2,469.28        | 2,772.63        | 2,468.99        | 2,772.63        |
| Amount available for appropriations         | 5,176.60        | 5,032.74        | 5,182.16        | 5,032.44        |
| <b>Appropriations:</b>                      |                 |                 |                 |                 |
| Transfer to Statutory Reserve               | 541.46          | 452.02          | 541.78          | 452.94          |
| Transfer to General Reserve                 | 0               | 226.01          | 0               | 226.47          |
| Transfer to Debenture Redemption Reserve    | 435.14          | 113.90          | 435.14          | 113.90          |
| Interim Dividend on Equity Shares           | 1,135.64        | 1,135.65        | 1,135.64        | 1,135.65        |
| Tax on Interim Dividend                     | 215.71          | 193             | 215.71          | 193.00          |
| Proposed Equity Dividend                    | -               | 378.54          | -               | 378.54          |
| Tax on dividend                             | -               | 64.33           | -               | 64.33           |
| <b>Balance carried forward to next year</b> | <b>2,848.66</b> | <b>2,469.28</b> | <b>2,853.89</b> | <b>2,468.99</b> |

**Our improving credit and risk profile enabled us to lower our cost of funding significantly. All these enabled us to report encouraging results with a good increase in profits during financial year 2014-15.**

The comparative operational results shown above summarise the financial performance of the Company for the year under report and for the previous year. Profit after tax for the year under review has gone up by 19.79 percent in comparison to the previous year despite a 6.20 percent decline in total revenue. As of March 31, 2015, the loan book of the Company stands at ₹ 92,693.50 million as against ₹ 81,630.70 million recorded on March 31, 2014. The positive growth in loan book was the consequence of multiple factors such as the good and efficient management decision, better utilisation of our workforce, diversification of portfolios, macro-economic scenario, certainties in the regulatory environment for gold loan NBFCs. A system of regular, periodical collection of interest has been introduced across our branches. Our improving credit and risk profile enabled us to lower our cost of funding significantly. All these enabled us to report encouraging results with a good increase in profits during financial year 2014-15.

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

During the year, the company implemented customer friendly short tenure loan schemes like 3 months, 6 months, 9 months and 12 months loan schemes with an option to the customers to choose the schemes based on their convenience and requirement, in lieu of longer tenure loan schemes in previous years; and these Loan Schemes are also gives comfort to customers that interest sensitive customers can choose lower interest product, LTV sensitive customers can choose higher LTV product. As on year end 70% of portfolio was consisting of short tenure loan schemes.

As a process of diversification, the company entered into several other categories such as Loan against Properties, Loan against Rent receivables, Micro Finance, Housing Finance, Financing Commercial Vehicles and also Inward remittance business. During the year, the company had started operations of Domestic Money Transfer business as well. Apart from Money Transfer business, the company is also into currency trading through its limited branches. During the last quarter of the year, the company acquired 85% of stakes in Asirvad Micro Finance Private Limited

## 2. DIVERSIFICATION OF BUSINESS

The Company had taken a policy decision last year to add new product offerings to cater to its existing customers. In pursuit of this objective, the Company has since entered into housing loans, vehicle finance and microfinance.

The rationale for the diversification is three fold. Firstly, the Company will utilise its surplus capital to build or acquire new lending products relevant to its existing retail customer base. It expects to leverage its 1.6 million strong customer base, its 3300 retail branch network, and the Manappuram brand name. Secondly, the Company hopes to diversify the revenue mix and improve structural return on equity (RoE). Over the next five years, the Company hopes to build at least 50 percent of total AUM from sources other than gold loans so as to mitigate the risk of being a single-product NBFC. Finally, the Company expects to capitalise on its proven operational capability to process large volume, small ticket lending transactions with semi-urban and rural customers.

Commercial vehicles: In line with the decision of your management to diversify into other asset classes, your company has launched loans against

commercial vehicles, selectively in the South and West regions and propose to expand to other regions of the country in a phased manner. Commercial vehicle sales and financing activity is highly cyclical and the industry is expected to turnaround in the coming months with an improvement in the economic activity. The strategy envisages financing commercial vehicles to the underserved category of customers who are from largely unorganised sector without formal access to banking and other financial institutions, with a reasonable margin.

Housing Finance: As a first step towards entry into the Housing Finance Sector, your company acquired Milestone Home Finance Company Pvt. Ltd. (Milestone), a company possessing a valid Certificate of Registration from National Housing Bank, as a wholly- owned subsidiary company. Subsequently, the name of company was changed to Manappuram Home Finance Pvt. Ltd., and the revised Certificate of Registration from National Housing Bank was obtained in the name of Manappuram Home Finance Pvt. Ltd. (MAHOFIN) in September 2014. Subsequent to change in the name, the Company started its commercial operations in January 2015.

MAHOFIN has been set up to cater to the affordable housing space. Recent trends and progress of housing finance indicate a strong and buoyant demand in properties in the affordable housing space. Accordingly, MAHOFIN expects to tap the housing finance in this segment. During the year 2015-16, the Company plans to operate from branches in urban and semi-urban locations in South and West. The focus of MAHOFIN would be to tap this market segment, and provide high class service by implementing best practice in the industry. MAHOFIN has implemented IT Systems after a detailed system analysis to suit its needs. The strong IT backbone will provide high quality service to customers, and provide end-to-end solution to the business. MAHOFIN has introduced attractive home loan products, and specific tailor-made products would be soon introduced. With strong demand, professional management and strong brand and network support of the parent, MAHOFIN expects to scale up its business significantly during 2015-16.

# Directors' Report

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

Microfinance: During the current year, your company had also diversified into the business of Microfinance through the acquisition of a majority stake in Asirvad Microfinance Private Limited, one of the leading Microfinance Institutions in the state of Tamil Nadu. Your Company aims to contribute to the broader agenda of financial inclusion through this acquisition. Asirvad Microfinance is an 8-year old NBFC – MFI (Non banking financial company – Microfinance Institution) headquartered in Tamil Nadu with operations in the states of Tamil Nadu, Kerala and Karnataka. Your Company is proud to venture into this space as it helps improve the standard of life of the people who don't have access to formal channels of credit. Your Management firmly believes that the synergy achieved through this acquisition would help scale the Microfinance portfolio in a sustainable and effective manner for the benefit of all stakeholders.

## 3. DIVIDEND

The Company has paid four interim dividends in the financial year 2014-15 with an amount of 0.45 paise per equity share (face value ₹ 2.0 per share) in each quarter. The aggregate amount of ₹ 1.80/- per shares paid as dividend in the financial year 2014-15, amounts to 90 percent of the paid up value of the shares.

## 4. RAISING OF ADDITIONAL CAPITAL

Company has not allotted any shares during the financial year 2014-15.

## 5. RESERVES

During the year, the Company has not transferred any amount to General Reserves and it remain same as 3,885.05 million. The total reserve and surplus as on March 31, 2015 stands at ₹ 24,591.29 million.

## 6. DEBENTURE REDEMPTION RESERVE

Pursuant to the provisions of the Companies Act, 2013 and the relevant circulars issue by the Ministry of Corporate Affairs, the Company is required to create a Debenture Redemption Reserve (DRR), to which amounts shall be transferred from the profits every year till the debenture is redeemed. The amount of DRR shall be 25 percent of the NCDs issued through public issue in compliance with SEBI (Issue and Listing of Debt Securities) Regulation 2008, and no reserve is required in respect of NCDs issued through private placement. As a matter of policy, your company creates a reserve on a proportionate basis till the redemption of the debentures. Accordingly, the Company transferred a sum of ₹ 435.14 million to DRR during the year. Further, the Company has to invest, in the prescribed manner, a sum equal to 15 percent of the NCDs maturing on or before March 31, 2015 towards which the Company has deposited ₹ 68.34 million with a Scheduled Bank. (Subsequent to the year end has deposited ₹ 255.13 million)

## 7. RESOURCES

As an NBFC, mobilisation of resources at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company. The main source of funding for the Company continues to be credit lines from the banks and financial institutions. Your company currently enjoys credit facilities from about 33 banks.

Management has been making continuous efforts to broaden the resource base of the Company so as to maintain its competitive edge. The next important source of funding is the issue of Secured Redeemable Non Convertible Debentures (NCDs). Your company issues NCDs under the listed & unlisted private placement route to Institutional Investors and to high net worth individuals. During the year under review, the Company has fully repaid the NCDs raised during the public issue of January 2014 amounting to ₹ 511.05 million (along with applicable interest). We are pleased to inform you that your company has successfully completed another rounds of public issues during the year, raising ₹ 2,785.52 million, including the exercise of the green shoe option. Incidentally, both the issues were oversubscribed. In addition, the Company also raised funds through the issue of Commercial Paper (CPs).

The Board of Directors are confident that the Company will be able to raise adequate resources for onward lending in line with its business plans.

## 8. DEPOSITS

As you are aware, the Company had stopped acceptance of deposits from the public in 2007. Your company had converted itself into a non deposit taking Category 'B' NBFC. All amounts due to deposit holders have been transferred to an ESCROW account opened with Punjab National Bank. The balance outstanding as on March 31, 2015 was ₹ 74,007.

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

## 9. COMPLIANCE WITH NBFC REGULATIONS

The Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Companies. As on March 31, 2015, the Capital Adequacy Ratio of the Company is 25.64 percent, well above the statutory requirement of 15 percent.

## 10. ESOP

There was no ESOP exercised during the Financial Period 2014-15.

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

**11. MEETINGS OF THE BOARD**

During the financial year 2014-15, the Board met on seven occasions viz. 15-05-2014, 25-07-2014, 23-09-2014, 30-10-2014, 23-12-2014, 03-02-2015 and 17-03-2015.

**12. DIRECTORS AND KEY MANAGERIAL PERSONNEL, CHANGE, IF ANY :**

1. Mr. V.M. Manoharan resigned as Director w.e.f. July 25, 2014.
2. There was change in designation Mr. I Unnikrishnan from Executive Director to Non-Executive Director w.e.f. from November 30, 2014.
3. Dr. Amla Samanta was appointed in the Board as Additional Director w.e.f. March 17, 2015.
4. Mr. Rajesh Kumar, Company Secretary of the Company resigned from office w.e.f. March 31, 2015 and Mr. Ramesh Periasamy, has been appointed as Company Secretary w.e.f. from May 2, 2015.

**13. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

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).

**14. DISCLOSURE****Composition of CSR Committee**

| Name of the Member    | Position | Category of Directors |
|-----------------------|----------|-----------------------|
| Mr. V.R. Rajiven      | Chairman | Independent Director  |
| Mr. V.P Nandakumar    | Member   | Managing Director     |
| Adv: V.R Ramachandran | Member   | Independent Director  |

**Composition of Audit Committee**

| Name of the Member      | Position | Category of Directors |
|-------------------------|----------|-----------------------|
| 1. Mr. P. Manomohanam   | Chairman | Independent Director  |
| 2. Mr. Shailesh J Mehta | Member   | Independent Director  |
| 3. Mr. E.A. Kshirsagar  | Member   | Nominee Director      |
| 4. Mr. V.R. Rajiven     | Member   | Independent Director  |

**Vigil Mechanism:**

The Vigil Mechanism of the Company is in the form of a whistle blower policy in terms of the Listing Agreement. Protected

disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Chairman of the Audit Committee. Company has ensured that its employees are well aware of the content and procedure of the policy and fully protected. The whistle blower policy may be accessed on the Company's website at the link: [http://www.manappuram.com/php/whistle\\_blower.php](http://www.manappuram.com/php/whistle_blower.php)

**15. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm 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 director, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) 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

**16. EXTRACT OF ANNUAL RETURN:**

Extract of annual return is annexed herewith as annexure- I

**17. AUDIT AND AUDITORS REPORT: Statutory Audit**

The statutory 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 are being reappointed as the auditors of the Company to hold office from

# Directors' Report

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

the conclusion of last Annual General Meeting to the conclusion of the Twenty Fifth Annual General Meeting of the Company.

The notes of financial statements referred in the Auditors' Report are self-explaining and do not call for any further comments.

## Secretarial Audit

The Board appointed M/s KSR & Co. Company Secretaries LLP, to conduct Secretarial Audit for the financial year 2014-15.

The Secretarial audit report as provided by M/s KSR & Co. Practicing Company Secretaries LLP, Indus chambers, Ground floor, No 101, Govt Arts College Road, Coimbatore-641018, is annexed to this Report as annexure- II.

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

### (A) Conservation of energy & technology absorption:

The Company is engaged in the financial services sector and therefore conservation of energy, technology absorption etc. have a limited application. However, the Company follows a practice of purchase and use of energy efficient electrical and electronic equipment and gadgets in its operations.

In respect of technology, the company was one of the first NBFCs to build and operate a centrally managed software application and all its branches across the country operate online with direct access to the centrally hosted applications, through wide area data network. In order to obtain best of the world technological knowhow and systems stability, the complete IT ecosystem of the company ranging from end user device support, wide area network management to data centre and applications management, are managed by IBM. IBM is also in the process of implementing Oracle EBS based ERP system for finance and HRMS, as part our organisational transformation strategy. The company continues to differentiate itself from other market competitors by continuously developing new technological platforms like launching of online payment portal, to offer ease of operations and transparency for its customers.

The company has also embarked on development of a network enabled keyless eLocker systems for storage of gold, using cutting edge internet of things(IoT) and machine to machine(M2M) protocols, that can be remotely operated by centrally managed software applications residing in the data centre which will enable reducing the size of existing branches to small gold loan kiosks,

reducing the operational and energy costs even further. Together with online gold loan platform, these next-gen innovations are poised to completely transform the gold loan industry itself. In order to drive the company's strategy to use technology as the prime driver of its business, the company established a new institution called Manappuram Centre of Excellence and Innovations (MaCE Inn) at Bangalore. The optimal use of technology is also lead to substantial conservation of energy.

### (B) Foreign exchange earnings and Outgo

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

Foreign Exchange Earning: Nil

Foreign Exchange Outgo: 0.27 million towards foreign travel and training expenses  
 Nil towards import of capital goods

## 19. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established controls covering operational and financial aspects. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## 20. 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 organisation. 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.

## 21. PARTICULARS OF CONTRACTORS AND ARRANGEMENT WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

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

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [http://www.manappuram.com/files/Related\\_Party\\_Policy.pdf](http://www.manappuram.com/files/Related_Party_Policy.pdf)

Your Directors draw attention of the members to Note 24 to the financial statement which sets out related party disclosures.

## 22. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: [http://www.manappuram.com/files/CSR\\_Policy.pdf](http://www.manappuram.com/files/CSR_Policy.pdf)

The Report on CSR activities is annexed herewith marked as Annexure III

## 23. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the financial year 2015-16 to NSE and BSE where the Company's Shares are listed.

## 24. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

The Company has been practicing principle of good Corporate Governance over the years. The endeavour of the Company is not only to comply with the regulatory requirements but also practice good Corporate Governance that lays strong emphasis on integrity, transparency and overall accountability.

The report on corporate governance forms integral part of this annual report. A certificate from statutory Auditors of the company confirming the compliance with the conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report as annexure IV.

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is attached and forms an integral part of the Report of the Board of Directors.

## 26. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

| Name of Subsidiary                    | V.P Nandakumar | B.N Raveendra Babu |
|---------------------------------------|----------------|--------------------|
| Manappuram Home Finance Pvt. Limited  | NIL            | NIL                |
| Asirvad Micro Finance Private Limited | NIL            | NIL                |
| <b>TOTAL</b>                          | <b>NIL</b>     | <b>NIL</b>         |

## 28. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY

Performance and financial position of subsidiary is annexed herewith as annexure – V

## 29. INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY

Details of the Companies which have become / ceased to be its Subsidiary/ JV/ Associate Company.

The Company has subscribed 13398013 equity shares of Asirvad Microfinance Pvt. Ltd during the financial year 2014-15, at present company holding 85% of its shares.

The Company has acquired 3,39,00,000 equity shares of Manappuram Home Finance Private Limited during the financial year 2014-15, at present company holding 100% of its shares.

**Information about subsidiary/ joint venture /associate company is annexed herewith as annexure – VI**

## 30. CONSOLIDATE FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS – 23 on Accounting for Investments in Associates and AS – 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

## 31. CREDIT RATING

The Company holds valid ratings from CRISIL and ICRA for long term and short term borrowing programs. Short term rating from CRISIL is A1+ (Stable). During the financial year 2014-15 CARE rating had upgraded the long term credit rating of the Company to AA-. Management is hopeful that the improved ratings will enable the Company to access resources at a more competitive price.

# Directors' Report

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

## 32. DETAILS OF AUCTIONS HELD DURING THE YEAR 2014-15

Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:

| Year           | Number of<br>Loan Accounts | Principal Amount<br>outstanding at the<br>dates of auctions (A) | Interest Amount<br>outstanding at the<br>dates of auctions (B) | Total (A+B) | Value fetched |
|----------------|----------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|-------------|---------------|
| March 31, 2015 | 347,845                    | 11,887.34                                                       | 4,117.00                                                       | 16,004.34   | 13,544.98     |
| March 31, 2014 | 566,116                    | 22,872.71                                                       | 8,469.80                                                       | 31,342.51   | 26,100.19     |

### Note:

No sister concerns participated in the auctions during the year ended March 31, 2015 and March 31, 2014.

## 33. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

Particulars of Employees and Related Disclosure is Annexed herewith as Annexure VII (Sec-197(12))

## 34. POLICY ON BOARD COMPOSITION, COMPENSATION AND EVALUATION CRITERIA AND 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 annexed to this report as Annexure VIII. The Board has also adopted criteria for evaluating its own performance and of its committees and individual directors as laid down by the nomination and remuneration committee. The evaluation processes carried out on the following parameters:

| Board                                                              | Committees                                                                    | Individual Director                                         |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------|
| a. Board Structure and Composition                                 | a. Committee Structure and Composition                                        | a. Attendance                                               |
| b. Effectiveness of Board processes, information and functioning   | b. Degree of fulfillment of key responsibilities                              | b. Professional Conduct                                     |
| c. Establishment and delineation of responsibilities to Committees | c. Effectiveness of meetings                                                  | c. Role and functions                                       |
| d. Quality of relationship between the Board and the Management    | d. Committee dynamics                                                         | d. Duties                                                   |
|                                                                    | e. Quality of relationship of the Committee with the Board and the management | e. Contribution to the Board/ Committees/ Senior management |

## 35. GENERAL

### (a) Board reply on audit qualification

There were no such audit qualifications during the financial year 2014-15.

### (b) Details relating to deposit

The Company has not accepted any deposit during the financial year 2014-15

### (c) Significant & Material orders passed by the regulators

There were no such significant orders passed by the Regulators during the financial year 2014-15.

## 36. MATERIAL EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

Mr. Ramesh Periasamy has been appointed as Company Secretary w.e.f. from May 2, 2015 by vide Board Resolution dated March 17, 2015.

## 37. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees or Investments are annexed herewith as Annexure IX

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

**38. BOARD REPLY ON SECRETARIAL AUDIT QUALIFICATION/OBSERVATION**

Reply to the observation made in Secretarial Audit report on commission to non-executive directors: The particulars of commission paid to non-executive directors will be placed before the ensuing annual general meeting for its ratification by the members.

**39. 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 Reserve Bank of India, Rating Agencies, Stock Exchanges, 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.

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For and On Behalf of the Board of Directors of  
Manappuram Finance Limited

Sd/-

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**Jagdish Capoor**  
Chairman

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Place: Valapad  
Date: May 14, 2015

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# Annexure-I

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

## **FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31.03.2015**

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

### **I. REGISTRATION AND OTHER DETAILS:**

|                                                                                |                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) CIN                                                                         | L65910KL1992PLC006623                                                                                                                                                                                                                                           |
| ii) Registration Date                                                          | July 15, 1992                                                                                                                                                                                                                                                   |
| iii) Name of the Company                                                       | Manappuram Finance Limited                                                                                                                                                                                                                                      |
| iv) Category / Sub-Category of the Company                                     | NBFC                                                                                                                                                                                                                                                            |
| v) Address of the registered office and contact details                        | IV/470A(Old)W638A(New)<br>Manappuram House<br>P.O Valapad<br>Phone: 3050000/408                                                                                                                                                                                 |
| vi) Whether listed company                                                     | Yes                                                                                                                                                                                                                                                             |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | <b>S.K.D.C.Consultants Limited</b><br>Category I Registrars and<br>Share Transfer Agents<br>Kanapathy Towers, 3rd Floor, 1391/A1,<br>Sathy Road, Ganapathy,<br>Coimbatore – 641 006,<br>Phone: +91 422 6549995, 2539835-836<br>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 I(B)**

### **IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

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

### **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:- **As Per Annexure I (H)**

### **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **As Per Annexure I (I)**
- B. Remuneration to other directors : **As Per Annexure I (J)**
- C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: **As Per Annexure I (K)**

### **VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

**As Per Annexure I (L)**

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

## Annexure-I(A)

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of the main products/Services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|----------------------------------------------------|----------------------------------|------------------------------------|
| 1       | GOLD LOAN                                          | GOLD LOAN                        | 97.54%                             |

## Annexure-I(B)

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. NO | Name of the Company                     | Adress of the Company                                                                                         | CIN/GLN               | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|-------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1     | Manappuram Home Finance Private Limited | Door No. 501, 5th Floor, Aishwarya Business Plaza, CST Road, Santacruz East, Mumbai, Maharashtra, Pin: 400098 | U65923MH2010PTC208754 | Subsidiary                     | 100              | 2(87)(li)          |
| 2     | Asirvad Micro Finance Private Limited   | Deshbandhu Plaza, First Floor, 47, Whites Road, Chennai, Tamil Nadu, Pin: 600014                              | U65923TN2007PTC064550 | Subsidiary                     | 84.98            | 2(87)(li)          |

## Annexure-I(C)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

| Category of shareholders                   | No. of Shares held at the beginning of the year |          |                        |                   | No. of Shares held at the end of the year |          |                        |                   | % of change during the year |
|--------------------------------------------|-------------------------------------------------|----------|------------------------|-------------------|-------------------------------------------|----------|------------------------|-------------------|-----------------------------|
|                                            | Demat                                           | Physical | Total                  | % of Total Shares | Demat                                     | Physical | Total                  | % of Total Shares |                             |
| <b>(A) Promoters</b>                       |                                                 |          |                        |                   |                                           |          |                        |                   |                             |
| <b>(1) Indian</b>                          |                                                 |          |                        |                   |                                           |          |                        |                   |                             |
| a) Individuals/ Hindu Undivided Family     | 26,54,13,401.00                                 | -        | 26,54,13,401.00        | 31.55             | 27,05,37,856.00                           | -        | 27,05,37,856.00        | 32.16             | 0.61                        |
| b) Central Government/ State Government(s) | -                                               | -        | -                      | -                 | -                                         | -        | -                      | -                 | -                           |
| c) Bodies Corporate                        | -                                               | -        | -                      | -                 | -                                         | -        | -                      | -                 | -                           |
| d) Financial Institutions/ Banks           | -                                               | -        | -                      | -                 | -                                         | -        | -                      | -                 | -                           |
| e) Any Others(Specify)                     | -                                               | -        | -                      | -                 | -                                         | -        | -                      | -                 | -                           |
| Trusts                                     | -                                               | -        | -                      | -                 | -                                         | -        | -                      | -                 | -                           |
| <b>Sub Total(A)(1)</b>                     | <b>26,54,13,401.00</b>                          | <b>-</b> | <b>26,54,13,401.00</b> | <b>31.55</b>      | <b>27,05,37,856.00</b>                    | <b>-</b> | <b>27,05,37,856.00</b> | <b>32.16</b>      | <b>0.61</b>                 |

# Annexure-I

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

## Annexure-I(C)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding (contd.)

| Category of shareholders                                                         | No. of Shares held at the beginning of the year |              |                        |                   | No. of Shares held at the end of the year |              |                        |                   | % of change during the year |
|----------------------------------------------------------------------------------|-------------------------------------------------|--------------|------------------------|-------------------|-------------------------------------------|--------------|------------------------|-------------------|-----------------------------|
|                                                                                  | Demat                                           | Physical     | Total                  | % of Total Shares | Demat                                     | Physical     | Total                  | % of Total Shares |                             |
| <b>(2) Foreign</b>                                                               |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| a) Individuals (Non-Residents Individuals/ Foreign Individuals)                  | -                                               | -            | -                      | -                 | -                                         | -            | -                      | -                 | -                           |
| b) Bodies Corporate                                                              | -                                               | -            | -                      | -                 | -                                         | -            | -                      | -                 | -                           |
| c) Institutions                                                                  | -                                               | -            | -                      | -                 | -                                         | -            | -                      | -                 | -                           |
| d) Qualified Foreign Investor                                                    | -                                               | -            | -                      | -                 | -                                         | -            | -                      | -                 | -                           |
| e) Any Others(Specify)                                                           | -                                               | -            | -                      | -                 | -                                         | -            | -                      | -                 | -                           |
| <b>Sub Total (A)(2)</b>                                                          | <b>-</b>                                        | <b>-</b>     | <b>-</b>               | <b>-</b>          | <b>-</b>                                  | <b>-</b>     | <b>-</b>               | <b>-</b>          | <b>-</b>                    |
| <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>      | <b>26,54,13,401.00</b>                          | <b>-</b>     | <b>26,54,13,401.00</b> | <b>31.551</b>     | <b>27,05,37,856.00</b>                    | <b>-</b>     | <b>27,05,37,856.00</b> | <b>32.161</b>     | <b>0.61</b>                 |
| <b>(B) Public shareholding</b>                                                   |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| <b>(1) Institutions</b>                                                          |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| a) Mutual Funds/ UTI                                                             | 2,04,92,074.00                                  | -            | 2,04,92,074.00         | 2.436             | 3,18,88,782.00                            | -            | 3,18,88,782.00         | 3.791             | 1.36                        |
| b) Financial Institutions / Banks                                                | 54,000.00                                       | -            | 54,000.00              | 0.006             | 21,790.00                                 | -            | 21,790.00              | 0.003             | (0.00)                      |
| c) Central Government/ State Government(s)                                       |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| d) Venture Capital Funds                                                         |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| e) Insurance Companies                                                           |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| f) Foreign Institutional Investors                                               | 35,76,10,633.00                                 | -            | 35,76,10,633.00        | 42.512            | 26,92,12,922.00                           | -            | 26,92,12,922.00        | 32.003            | (10.51)                     |
| g) Foreign Venture Capital Investors                                             |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| h) Qualified Foreign Investor                                                    |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| i) Any Other (specify)                                                           |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| Foreign Portfolio Inv (Corp.Cat)                                                 |                                                 | -            |                        |                   | 7,85,82,285.00                            | -            | 7,85,82,285.00         | 9.342             | 9.34                        |
| <b>Sub-Total (B)(1)</b>                                                          | <b>37,81,56,707.00</b>                          | <b>-</b>     | <b>37,81,56,707.00</b> | <b>44.954</b>     | <b>37,97,05,779.00</b>                    | <b>-</b>     | <b>37,97,05,779.00</b> | <b>45.139</b>     | <b>0.19</b>                 |
| <b>(2) Non-institutions</b>                                                      |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| <b>a) Bodies Corporate</b>                                                       |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| i) Indian                                                                        | 1,53,28,402.00                                  | 4,100.00     | 1,53,32,502.00         | 1.823             | 1,11,85,663.00                            | 4,100.00     | 1,11,89,763.00         | 1.330             | (0.49)                      |
| ii) Overseas                                                                     |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| <b>b) Individuals</b>                                                            |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| i) Individual shareholders holding nominal share capital up to ₹ 1 lakh          | 6,50,33,106.00                                  | 76,92,475.00 | 7,27,25,581.00         | 8.644             | 5,49,65,680.00                            | 73,05,445.00 | 6,22,71,125.00         | 7.401             | (1.24)                      |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 3,73,94,285.00                                  | 20,82,000.00 | 3,94,76,285.00         | 4.693             | 4,91,90,693.00                            | 20,82,000.00 | 5,12,72,693.00         | 6.095             | 1.40                        |
| <b>c) Others (specify)</b>                                                       |                                                 |              |                        |                   |                                           |              |                        |                   |                             |
| Trusts                                                                           | -                                               | -            | -                      | 0.000             | 6,500.00                                  | -            | 6,500.00               | 0.001             | 0.00                        |
| Directors & Their Relatives                                                      | 1,38,42,595.00                                  | -            | 1,38,42,595.00         | 1.646             | 1,16,83,418.00                            | -            | 1,16,83,418.00         | 1.389             | (0.26)                      |
| Non Resident Indians                                                             | 78,44,618.00                                    | 3,20,000.00  | 81,64,618.00           | 0.971             | 58,80,513.00                              | 3,20,000.00  | 62,00,513.00           | 0.737             | (0.23)                      |
| Clearing Members                                                                 | 12,27,399.00                                    | -            | 12,27,399.00           | 0.146             | 17,04,986.00                              | -            | 17,04,986.00           | 0.203             | 0.06                        |
| Hindu Undivided Families                                                         | 16,33,602.00                                    | -            | 16,33,602.00           | 0.194             | 15,87,057.00                              | -            | 15,87,057.00           | 0.189             | (0.01)                      |
| Foreign Corporate Bodies                                                         | 4,45,47,446.00                                  | -            | 4,45,47,446.00         | 5.296             | 4,45,47,446.00                            | -            | 4,45,47,446.00         | 5.296             | -                           |
| Nri Directors                                                                    | 6,87,000.00                                     | -            | 6,87,000.00            | 0.082             | 5,00,000.00                               | -            | 5,00,000.00            | 0.059             | (0.02)                      |

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

## Annexure-I(C)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding (contd.)

| Category of shareholders                                   | No. of Shares held at the beginning of the year |                |                 |                   | No. of Shares held at the end of the year |              |                 |                   | % of change during the year |
|------------------------------------------------------------|-------------------------------------------------|----------------|-----------------|-------------------|-------------------------------------------|--------------|-----------------|-------------------|-----------------------------|
|                                                            | Demat                                           | Physical       | Total           | % of Total Shares | Demat                                     | Physical     | Total           | % of Total Shares |                             |
| Sub-Total (B)(2)                                           | 18,75,38,453.00                                 | 1,00,98,575.00 | 19,76,37,028.00 | 23.495            | 18,12,51,956.00                           | 97,11,545.00 | 19,09,63,501.00 | 22.700            | (0.80)                      |
| Total Public Shareholding (B)= (B)(1)+(B)(2)               | 56,56,95,160.00                                 | 1,00,98,575.00 | 57,57,93,735.00 | 68.449            | 56,09,57,735.00                           | 97,11,545.00 | 57,06,69,280.00 | 67.839            | (0.61)                      |
| (C <sub>1</sub> ) Shares held by Custodian for GDRs & ADRs |                                                 |                |                 |                   |                                           |              |                 |                   |                             |
| Grand Total (A)+(B)+(C)                                    | 83,11,08,561.00                                 | 1,00,98,575.00 | 84,12,07,136.00 | 100.000           | 83,14,95,591.00                           | 97,11,545.00 | 84,12,07,136.00 | 100.000           | 0.00                        |

## Annexure-I(D)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### Shareholding of Promoters

| Shareholders Name  | No. of Shares held at the beginning of the year |                                  |                                                  | No. of Shares held at the end of the year |                                  |                                                  | % of change during the year |
|--------------------|-------------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-----------------------------|
|                    | No. of shares                                   | % of total shares of the company | % of Shares pledged / encumbered to total shares | No. of shares                             | % of total shares of the company | % of Shares pledged / encumbered to total shares |                             |
| Nandakumar V P     | 21,74,13,323.00                                 | 25.845                           | 1.407                                            | 22,25,37,778.00                           | 26.455                           | 1.375                                            | 0.610                       |
| Sushama Nandakumar | 4,80,00,078.00                                  | 5.706                            | 0.000                                            | 4,80,00,078.00                            | 5.706                            | 0.000                                            | 0.000                       |
| Total              | 26,54,13,401.00                                 | 31.551                           | 1.153                                            | 27,05,37,856.00                           | 32.161                           | 1.131                                            | 0.610                       |

# Annexure-I

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

## Annexure-I(E)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### iii) Change in Promoters' Shareholding

| SL NO | Names              | Shareholding at the beginning of the year as on April 1, 2014 |                                     | Date       | Date wise Increase / Decrease in Promoters Share holding during the year | Reason          | Cumulative Shareholding during the year March 31, 2015 |                                     |
|-------|--------------------|---------------------------------------------------------------|-------------------------------------|------------|--------------------------------------------------------------------------|-----------------|--------------------------------------------------------|-------------------------------------|
|       |                    | No of Shares                                                  | % of the total share of the company |            |                                                                          |                 | No of Shares                                           | % of the total share of the company |
| 1     | NANDAKUMAR V P     | 21,74,13,323.00                                               | 25.845                              | 03.09.2014 | 5,25,326.00                                                              | Market Purchase | 21,79,38,649.00                                        | 25.91                               |
|       |                    |                                                               |                                     | 04.09.2014 | 15,74,674.00                                                             | Market Purchase | 21,95,13,323.00                                        | 26.10                               |
|       |                    |                                                               |                                     | 05.09.2014 | 6,15,000.00                                                              | Market Purchase | 22,01,28,323.00                                        | 26.17                               |
|       |                    |                                                               |                                     | 08.09.2014 | 6,300.00                                                                 | Market Purchase | 22,01,34,623.00                                        | 26.17                               |
|       |                    |                                                               |                                     | 09.09.2014 | 10,94,000.00                                                             | Market Purchase | 22,12,28,623.00                                        | 26.30                               |
|       |                    |                                                               |                                     | 20.11.2014 | 3,98,100.00                                                              | Market Purchase | 22,16,26,723.00                                        | 26.35                               |
|       |                    |                                                               |                                     | 21.11.2014 | 9,08,500.00                                                              | Market Purchase | 22,25,35,223.00                                        | 26.45                               |
|       |                    |                                                               |                                     | 24.11.2014 | 2,555.00                                                                 | Market Purchase | 22,25,37,778.00                                        | 26.45                               |
| 2     | SUSHAMA NANDAKUMAR | 4,80,00,078.00                                                | 5.71                                | NIL        | NIL                                                                      | NIL             | 4,80,00,078.00                                         | 5.71                                |

## Annexure-I(F)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

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

| SL NO | Names                                             | Shareholding at the beginning of the year as on April 1, 2014 |                                     | Date       | Date wise Increase / Decrease in Promoters Share holding during the year | Reason          | Cumulative Shareholding during the year March 31, 2015 |                                     |
|-------|---------------------------------------------------|---------------------------------------------------------------|-------------------------------------|------------|--------------------------------------------------------------------------|-----------------|--------------------------------------------------------|-------------------------------------|
|       |                                                   | No of Shares                                                  | % of the total share of the company |            |                                                                          |                 | No of Shares                                           | % of the total share of the company |
| 1     | BARING INDIA PRIVATE EQUITY FUND III              | 7,93,60,973.00                                                | 9.434                               | NIL        | NIL                                                                      | NIL             | 7,93,60,973.00                                         | 9.43                                |
| 2     | SMALLCAP WORLD FUND, INC                          | 5,49,30,986.00                                                | 6.530                               | NIL        | NIL                                                                      | NIL             | 5,49,30,986.00                                         | 6.53                                |
| 3     | HUDSON EQUITY HOLDINGS LIMITED                    | 4,45,47,446.00                                                | 5.296                               | NIL        | NIL                                                                      | NIL             | 4,45,47,446.00                                         | 5.30                                |
| 4     | BARING INDIA PRIVATE EQUITY FUND II LIMITED       | 2,64,53,439.00                                                | 3.145                               | NIL        | NIL                                                                      | NIL             | 2,64,53,439.00                                         | 3.14                                |
| 5     | BEAVER INVESTMENT HOLDINGS                        | 2,45,66,022.00                                                | 2.920                               | 13.02.2015 | (9,65,221.00)                                                            | Market sale     | 2,36,00,801.00                                         | 2.81                                |
|       |                                                   |                                                               |                                     | 20.02.2015 | (24,55,000.00)                                                           | Market sale     | 2,11,45,801.00                                         | 2.51                                |
| 6     | THE WELLINGTON TRUST COMPANY NATIONAL ASSOCIATION | 2,13,95,524.00                                                | 2.543                               | 04.04.2014 | 40,366.00                                                                | Market Purchase | 2,14,35,890.00                                         | 2.55                                |
|       |                                                   |                                                               |                                     | 23.05.2014 | (18,85,570.00)                                                           | Market sale     | 1,95,50,320.00                                         | 2.32                                |
|       |                                                   |                                                               |                                     | 08.08.2014 | 10,37,126.00                                                             | Market Purchase | 2,05,87,446.00                                         | 2.45                                |
|       |                                                   |                                                               |                                     | 14.08.2014 | 8,03,125.00                                                              | Market Purchase | 2,13,90,571.00                                         | 2.54                                |
|       |                                                   |                                                               |                                     | 30.09.2014 | (4,48,561.00)                                                            | Market sale     | 2,09,42,010.00                                         | 2.49                                |
|       |                                                   |                                                               |                                     | 02.01.2015 | (99,245.00)                                                              | Market sale     | 2,08,42,765.00                                         | 2.48                                |
|       |                                                   |                                                               |                                     | 09.01.2015 | (2,43,673.00)                                                            | Market sale     | 2,05,99,092.00                                         | 2.45                                |
|       |                                                   |                                                               |                                     | 16.01.2015 | (2,21,584.00)                                                            | Market sale     | 2,03,77,508.00                                         | 2.42                                |
|       |                                                   |                                                               |                                     | 23.01.2015 | (6,23,261.00)                                                            | Market sale     | 1,97,54,247.00                                         | 2.35                                |
|       |                                                   |                                                               |                                     | 30.01.2015 | (1,35,912.00)                                                            | Market sale     | 1,96,18,335.00                                         | 2.33                                |
|       |                                                   |                                                               |                                     | 06.02.2015 | (2,25,680.00)                                                            | Market sale     | 1,93,92,655.00                                         | 2.31                                |
|       |                                                   |                                                               |                                     | 06.03.2015 | 3,48,186.00                                                              | Market Purchase | 1,97,40,841.00                                         | 2.35                                |
|       |                                                   |                                                               |                                     | 13.03.2015 | 6,01,124.00                                                              | Market Purchase | 2,03,41,965.00                                         | 2.42                                |
|       |                                                   |                                                               |                                     | 20.03.2015 | 5,76,077.00                                                              | Market Purchase | 2,09,18,042.00                                         | 2.49                                |
| 7     | BRIC II MAURITIUS TRADING                         | 1,29,31,619.00                                                | 1.537                               | NIL        | NIL                                                                      | NIL             | 1,29,31,619.00                                         | 1.54                                |

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

## Annexure-I(F)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

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

| SL NO | Names                                     | Shareholding at the beginning of the year as on April 1, 2014 |                                     | Date       | Date wise Increase / Decrease in Promoters Share holding during the year | Reason          | Cumulative Shareholding during the year March 31, 2015 |                                     |
|-------|-------------------------------------------|---------------------------------------------------------------|-------------------------------------|------------|--------------------------------------------------------------------------|-----------------|--------------------------------------------------------|-------------------------------------|
|       |                                           | No of Shares                                                  | % of the total share of the company |            |                                                                          |                 | No of Shares                                           | % of the total share of the company |
| 8     | MOUSSEGANESH LIMITED                      | 1,22,27,216.00                                                | 4.454                               | 06.06.2014 | (7,99,684.00)                                                            | Market sale     | 1,14,27,532.00                                         | 1.36                                |
|       |                                           |                                                               |                                     | 13.06.2014 | (11,10,115.00)                                                           | Market sale     | 1,03,17,417.00                                         | 1.23                                |
|       |                                           |                                                               |                                     | 30.06.2014 | (2,46,858.00)                                                            | Market sale     | 1,00,70,559.00                                         | 1.20                                |
|       |                                           |                                                               |                                     | 04.07.2014 | (4,50,000.00)                                                            | Market sale     | 96,20,559.00                                           | 1.14                                |
|       |                                           |                                                               |                                     | 11.07.2014 | (9,94,115.00)                                                            | Market sale     | 86,26,444.00                                           | 1.03                                |
|       |                                           |                                                               |                                     | 19.12.2014 | 3,00,862.00                                                              | Market Purchase | 89,27,306.00                                           | 1.06                                |
|       |                                           |                                                               |                                     | 31.12.2014 | 1,37,053.00                                                              | Market Purchase | 90,64,359.00                                           | 1.08                                |
| 9     | ASHISH DHAWAN                             | -                                                             | 0.000                               | 11.07.2014 | 1,01,60,447.00                                                           | Market Purchase | 1,01,60,447.00                                         | 1.21                                |
|       |                                           |                                                               |                                     | 25.07.2014 | 42,33,990.00                                                             | Market Purchase | 1,43,94,437.00                                         | 1.71                                |
|       |                                           |                                                               |                                     | 01.08.2014 | 1,65,510.00                                                              | Market Purchase | 1,45,59,947.00                                         | 1.73                                |
|       |                                           |                                                               |                                     | 08.08.2014 | 2,00,000.00                                                              | Market Purchase | 1,47,59,947.00                                         | 1.75                                |
| 10    | MERRILL LYNCH CAPITAL MARKETS ESPANA S.A. | 7,50,267.00                                                   | 0.089                               | 18.07.2014 | 3,16,337.00                                                              | Market Purchase | 10,66,604.00                                           | 0.13                                |
|       |                                           |                                                               |                                     | 25.07.2014 | 1,31,029.00                                                              | Market Purchase | 11,97,633.00                                           | 0.14                                |
|       |                                           |                                                               |                                     | 08.08.2014 | 1,69,821.00                                                              | Market Purchase | 13,67,454.00                                           | 0.16                                |
|       |                                           |                                                               |                                     | 22.08.2014 | 8,87,583.00                                                              | Market Purchase | 22,55,037.00                                           | 0.27                                |
|       |                                           |                                                               |                                     | 29.08.2014 | 29,61,000.00                                                             | Market Purchase | 52,16,037.00                                           | 0.62                                |
|       |                                           |                                                               |                                     | 05.09.2014 | 13,21,072.00                                                             | Market Purchase | 65,37,109.00                                           | 0.78                                |
|       |                                           |                                                               |                                     | 12.09.2014 | 3,31,200.00                                                              | Market Purchase | 68,68,309.00                                           | 0.82                                |
|       |                                           |                                                               |                                     | 19.09.2014 | 41,67,624.00                                                             | Market Purchase | 1,10,35,933.00                                         | 1.31                                |
|       |                                           |                                                               |                                     | 30.09.2014 | 24,56,176.00                                                             | Market Purchase | 1,34,92,109.00                                         | 1.60                                |
|       |                                           |                                                               |                                     | 07.11.2014 | 3,84,000.00                                                              | Market Purchase | 1,38,76,109.00                                         | 1.65                                |
|       |                                           |                                                               |                                     | 21.11.2014 | 1,90,825.00                                                              | Market Purchase | 1,40,66,934.00                                         | 1.67                                |
|       |                                           |                                                               |                                     | 05.12.2014 | 1,56,431.00                                                              | Market Purchase | 1,42,23,365.00                                         | 1.69                                |
|       |                                           |                                                               |                                     | 31.12.2014 | 84,779.00                                                                | Market Purchase | 1,43,08,144.00                                         | 1.70                                |
|       |                                           |                                                               |                                     | 02.01.2015 | 11,99,158.00                                                             | Market Purchase | 1,55,07,302.00                                         | 1.84                                |
|       |                                           |                                                               |                                     | 09.01.2015 | 5,25,000.00                                                              | Market Purchase | 1,60,32,302.00                                         | 1.91                                |
|       |                                           |                                                               |                                     | 06.02.2015 | (24,44,512.00)                                                           | Market sale     | 1,35,87,790.00                                         | 1.62                                |
|       |                                           |                                                               |                                     | 13.02.2015 | 5,80,553.00                                                              | Market Purchase | 1,41,68,343.00                                         | 1.68                                |
|       |                                           |                                                               |                                     | 20.02.2015 | (3,93,873.00)                                                            | Market sale     | 1,37,74,470.00                                         | 1.64                                |
|       |                                           |                                                               |                                     | 27.02.2015 | 14,264.00                                                                | Market Purchase | 1,37,88,734.00                                         | 1.64                                |
|       |                                           |                                                               |                                     | 06.03.2015 | 95,152.00                                                                | Market Purchase | 1,38,83,886.00                                         | 1.65                                |
|       |                                           |                                                               |                                     | 20.03.2015 | 1,22,743.00                                                              | Market Purchase | 1,40,06,629.00                                         | 1.67                                |
|       |                                           |                                                               |                                     | 27.03.2015 | 2,64,390.00                                                              | Market Purchase | 1,42,71,019.00                                         | 1.70                                |

# Annexure-I

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

## Annexure-I(G)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Shareholding of Directors and Key Managerial Personnel:

| SL No. | Names                        | Designation             | Shareholding at the beginning of the year as on April 1, 2014 |                                     | Date       | Date wise Increase / Decrease in Promoters Share holding during the year | Reason          | Cumulative Shareholding during the year March 31, 2015 |                                     |
|--------|------------------------------|-------------------------|---------------------------------------------------------------|-------------------------------------|------------|--------------------------------------------------------------------------|-----------------|--------------------------------------------------------|-------------------------------------|
|        |                              |                         | No of Shares                                                  | % of the total share of the company |            |                                                                          |                 | No of Shares                                           | % of the total share of the company |
| 1      | MR.NANDAKUMAR V P            | Managing Director & CEO | 21,74,13,323.00                                               | 25.845                              | 03.09.2014 | 5,25,326.00                                                              | Market Purchase | 21,79,38,649.00                                        | 25.91                               |
|        |                              |                         |                                                               |                                     | 04.09.2014 | 15,74,674.00                                                             | Market Purchase | 21,95,13,323.00                                        | 26.10                               |
|        |                              |                         |                                                               |                                     | 05.09.2014 | 6,15,000.00                                                              | Market Purchase | 22,01,28,323.00                                        | 26.17                               |
|        |                              |                         |                                                               |                                     | 08.09.2014 | 6,300.00                                                                 | Market Purchase | 22,01,34,623.00                                        | 26.17                               |
|        |                              |                         |                                                               |                                     | 09.09.2014 | 10,94,000.00                                                             | Market Purchase | 22,12,28,623.00                                        | 26.30                               |
|        |                              |                         |                                                               |                                     | 20.11.2014 | 3,98,100.00                                                              | Market Purchase | 22,16,26,723.00                                        | 26.35                               |
|        |                              |                         |                                                               |                                     | 21.11.2014 | 9,08,500.00                                                              | Market Purchase | 22,25,35,223.00                                        | 26.45                               |
|        |                              |                         |                                                               |                                     | 24.11.2014 | 2,555.00                                                                 | Market Purchase | 22,25,37,778.00                                        | 26.45                               |
| 2      | MR.B.N RAVEENDRABABU         | Executive Director      | 27,67,236.00                                                  | 0.293                               | 14.06.2014 | (2,00,000.00)                                                            | Market Sale     | 25,67,236.00                                           | 0.305                               |
|        |                              |                         |                                                               |                                     | 05.11.2014 | (3,00,000.00)                                                            | Market Sale     | 22,67,236.00                                           | 0.270                               |
| 3      | MR.I.UNNIKRISHNAN            | Director                | 29,87,428.00                                                  | 0.04                                | 04.11.2014 | (9,05,000.00)                                                            | Market Sale     | 20,82,428.00                                           | 0.248                               |
|        |                              |                         |                                                               |                                     | 05.11.2014 | (3,95,000.00)                                                            | Market Sale     | 16,87,428.00                                           | 0.201                               |
|        |                              |                         |                                                               |                                     | 07.03.2015 | (10,600.00)                                                              | Market Sale     | 16,76,828.00                                           | 0.199                               |
|        |                              |                         |                                                               |                                     | 25.03.2015 | (8,96,054.00)                                                            | Market Sale     | 7,80,774.00                                            | 0.093                               |
|        |                              |                         |                                                               |                                     | 26.03.2015 | (2,53,327.00)                                                            | Market Sale     | 5,27,447.00                                            | 0.063                               |
| 4      | MR.SHAILESH J MEHTA          | Director                | 6,87,000.00                                                   | 0.082                               | 19.11.2014 | (1,00,000.00)                                                            | Market Sale     | 5,87,000.00                                            | 0.070                               |
|        |                              |                         |                                                               |                                     | 20.11.2014 | (50,000.00)                                                              | Market Sale     | 5,37,000.00                                            | 0.064                               |
|        |                              |                         |                                                               |                                     | 21.11.2014 | (37,000.00)                                                              | Market Sale     | 5,00,000.00                                            | 0.059                               |
| 5      | JAGDISH CAPOOR               | Director                | 2,000.00                                                      | 0                                   | NIL        | NIL                                                                      | NIL             | 2,000.00                                               | -                                   |
| 6      | MANOMOHANAN P                | Director                | 10,43,582.00                                                  | 0.124                               | NIL        | NIL                                                                      | NIL             | 10,43,582.00                                           | 0.124                               |
| 7      | RAMACHANDRAN V.R             | Director                | 15,38,000.00                                                  | 0.18                                | NIL        | NIL                                                                      | NIL             | 15,38,000.00                                           | 0.180                               |
| 8      | RAJIVEN V.R                  | Director                | 2,500.00                                                      | 0                                   | NIL        | NIL                                                                      | NIL             | 2,500.00                                               | -                                   |
| 9      | AMLA SAMANTA                 | Director                | NIL                                                           | NIL                                 | NIL        | NIL                                                                      | NIL             | NIL                                                    | NIL                                 |
| 10     | Mr. PRADEEP JAGDISH SAXENA   | Director                | NIL                                                           | NIL                                 | NIL        | NIL                                                                      | NIL             | NIL                                                    | NIL                                 |
| 11     | MR.EKNATH ATMARAM KSHIRSAGAR | Director                | NIL                                                           | NIL                                 | NIL        | NIL                                                                      | NIL             | NIL                                                    | NIL                                 |
| 12     | MR.KAPIL KRISHAN             | Chief Financial Officer | -                                                             | -                                   | 07.08.2014 | 10,000.00                                                                | Market Purchase | 10,000.00                                              | 0.001                               |
|        |                              |                         |                                                               |                                     | 12.08.2014 | 10,000.00                                                                | Market Purchase | 10,000.00                                              | 0.001                               |
|        |                              |                         |                                                               |                                     | 01.09.2014 | 10,000.00                                                                | Market Purchase | 10,000.00                                              | 0.001                               |
| 13     | RAJESH KUMAR K *             | Company Secretary       | 2,240.00                                                      | -                                   | NIL        | NIL                                                                      | NIL             | 2,240.00                                               | 0.000                               |

\* Rajesh Kumar K, Company Secretary till March 31, 2015

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

## Annexure-I(H)

### V. INDEBTEDNESS

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

|                                                     | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposit     | Total<br>Indebtedness |
|-----------------------------------------------------|-------------------------------------|--------------------|-------------|-----------------------|
| Indebtedness at the beginning of the financial year |                                     |                    |             |                       |
| (i) Principal Amount                                | 74,058.03                           | 3,896.16           | 0.07        | 77,954.26             |
| (ii) Interest due but not paid                      |                                     | 6.46               | -           | 6.46                  |
| (iii) Interest accrued but not due                  | 632.00                              | 459.27             |             | 1,091.27              |
| <b>Total(i+ii+iii)</b>                              | <b>74,690.03</b>                    | <b>4,361.89</b>    | <b>0.07</b> | <b>79,051.99</b>      |
| Change in indebtedness during the year              |                                     |                    |             |                       |
| • Additions                                         | 1,15,675.52                         | 74,713.34          |             | 1,90,388.86           |
| • Reduction                                         | 1,08,216.57                         | 76,207.99          |             | 1,84,424.56           |
| Net change                                          | 7,458.95                            | (1,494.65)         | -           | 5,964.30              |
| Indebtedness at the end of the financial year       |                                     |                    |             |                       |
| (i) Principal Amount                                | 79,641.98                           | 4,276.51           | 0.07        | 83,918.56             |
| (ii) Interest due but not paid                      | 0.03                                | 4.79               | -           | 4.82                  |
| (iii) Interest accrued but not due                  | 803.57                              | 562.09             | -           | 1,365.66              |
| <b>Total(i+ii+iii)</b>                              | <b>80,445.58</b>                    | <b>4,843.39</b>    | <b>0.07</b> | <b>85,289.04</b>      |

## Annexure-I(I)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SL<br>No | Particulars of<br>Remuneration                                                            | Name of MD/WTD/Manager |                       |                       | Total Amount          |
|----------|-------------------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
|          |                                                                                           | V.P NANDAKUMAR         | B.N RAVEENDRA<br>BABU | I.UNNIKRISHNAN*       |                       |
| 1        | Gross salary                                                                              | 3,22,58,400.00         | 71,83,400.00          | 83,48,400.00          | 4,77,90,200.00        |
|          | (a) Salary as per provisions<br>contained in section 17(1) of<br>the Income-tax Act, 1961 |                        |                       |                       |                       |
|          | (b) Value of perquisites u/s<br>17(2) Income-tax Act, 1961                                | NIL                    | NIL                   | NIL                   | NIL                   |
|          | (c) Profits in lieu of salary<br>under section 17(3) Income-<br>tax Act, 1961             | NIL                    | NIL                   | NIL                   | NIL                   |
| 2        | Stock Option                                                                              | NIL                    | NIL                   | NIL                   | NIL                   |
| 3        | Sweat Equity                                                                              | NIL                    | NIL                   | NIL                   | NIL                   |
| 4        | Commission                                                                                | 1,50,00,000.00         | 32,00,000.00          | 30,00,000.00          | 2,12,00,000.00        |
|          | - as % of profit                                                                          | 0.46%                  | 0.15%                 | 0.13%                 |                       |
|          | - others, specify...                                                                      |                        |                       |                       |                       |
| 5        | Others, please specify                                                                    |                        |                       |                       |                       |
|          | <b>Total (A)</b>                                                                          | <b>4,72,58,400.00</b>  | <b>1,03,83,400.00</b> | <b>1,13,48,400.00</b> | <b>6,89,90,200.00</b> |
|          | Ceiling as per the Act                                                                    |                        |                       |                       |                       |

\*Mr. I. Unnikrishnan re-designated as Non-Executive director w.e.f. December 1, 2014

# Annexure-I

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

## Annexure-I(J) VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL B. Remuneration to other directors

| SL No | Particulars of Remuneration                  | Jagdish Capoor      | I. Unnikrishnan**                                                                                               | P. Manomohanan      | V.M Manoharan*   | Shailesh J Mehta    | Rajiven V.R         | V.R Ramachandran    | Amla Samanta     | Total Amount        |
|-------|----------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------|---------------------|------------------|---------------------|---------------------|---------------------|------------------|---------------------|
| 3     | Independent Directors                        |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  |                     |
|       | • Fee for attending board committee meetings | 3,10,000.00         | -                                                                                                               | 5,65,000.00         | 85,000.00        | 3,70,000.00         | 6,60,000.00         | 3,45,000.00         | 40,000.00        | 23,75,000.00        |
|       | • Commission                                 | 30,00,000.00        |                                                                                                                 | 18,00,000.00        |                  | 30,00,000.00        | 15,00,000.00        | 12,00,000.00        |                  |                     |
|       | • Others, please specify                     |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  |                     |
|       | <b>Total (1)</b>                             | <b>33,10,000.00</b> | <b>-</b>                                                                                                        | <b>23,65,000.00</b> | <b>85,000.00</b> | <b>33,70,000.00</b> | <b>21,60,000.00</b> | <b>15,45,000.00</b> | <b>40,000.00</b> | <b>23,75,000.00</b> |
| 4     | Other Non-Executive Directors                |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  |                     |
|       | • Fee for attending board committee meetings |                     | 80,000.00                                                                                                       |                     |                  |                     |                     |                     |                  | 80,000.00           |
|       | • Commission                                 |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  | -                   |
|       | • Others, please specify                     |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  | -                   |
|       | <b>Total (2)</b>                             |                     | <b>80,000.00</b>                                                                                                |                     |                  |                     |                     |                     |                  | <b>80,000.00</b>    |
|       | <b>Total (B)=(1+2)</b>                       | <b>33,10,000.00</b> | <b>80,000.00</b>                                                                                                | <b>23,65,000.00</b> | <b>85,000.00</b> | <b>33,70,000.00</b> | <b>21,60,000.00</b> | <b>15,45,000.00</b> | <b>40,000.00</b> | <b>24,55,000.00</b> |
|       | Total Managerial Remuneration                |                     |                                                                                                                 |                     |                  |                     |                     |                     |                  | 7,14,45,200.00      |
|       | Over all Ceiling as per the act              |                     | 4.41 crore (being 1% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013) |                     |                  |                     |                     |                     |                  |                     |

\* Mr. V M MANOHARAN, Director resigned from the post with effect from July 25, 2014

\*\*Mr. I. Unnikrishnan re-designated as Non-Executive director w.e.f. December 1, 2014

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

## Annexure-I(K)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SL | Particulars of Remuneration                                                         | Key Managerial Personnel |                           |                     |                     |                      |
|----|-------------------------------------------------------------------------------------|--------------------------|---------------------------|---------------------|---------------------|----------------------|
| 1  | Gross salary                                                                        | V. P<br>Nandakumar*      | B.N.<br>Raveendra<br>Babu | Rajesh Kumar K      | Kapil Krishan       | Total                |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 32,258,400.00            | 7,183,400.00              | 1,641,309.00        | 4,548,092.00        | 45,631,201.00        |
|    | (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                                                                          | 15,000,000.00            | 3,200,000.00              | -                   | -                   | 18,200,000.00        |
|    | - as % of profit                                                                    | 0.46%                    | 0.15%                     |                     |                     |                      |
|    | - Others, specify                                                                   |                          |                           |                     |                     |                      |
| 5  | Others, please specify                                                              |                          |                           |                     |                     |                      |
|    | <b>Total</b>                                                                        | <b>47,258,400.00</b>     | <b>10,383,400.00</b>      | <b>1,641,309.00</b> | <b>4,548,092.00</b> | <b>63,831,201.00</b> |

\* V.P Nandakumar is the Managing Director of the Company

## Annexure-I(L)

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

NIL

## Annexure-II

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

To,  
The Members

**Manappuram Finance Limited**

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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For KSR & Co Company Secretaries LLP

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**Dr.K.S.Ravichandran**

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Date: 14th May, 2015

Managing Partner

Place : Coimbatore

(FCS: 3675; CP: 2160)

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

**SECRETARIAL AUDIT REPORT**

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**For the Financial Year ended 31st March, 2015**

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Manappuram Finance Limited (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

- (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
  - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
  - i. Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
- (vii) The following laws, regulations, directions, orders applicable specifically to the Company:

## Annexure-II

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

- a. The Reserve Bank of India Act, 1934.
- b. Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.
- c. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008
- d. Reserve Bank of India Guidelines on raising money through Private Placement of NCDs by NBFCs.
- e. Guidelines on Corporate Governance issued by Reserve Bank of India for NBFCs.
- f. Notification of Reserve Bank of India on Future approach towards monitoring of Frauds in NBFCs.
- g. Reserve Bank of India "Know your Customer" (KYC) Guidelines – Anti-Money Laundering Standards – Prevention of Money Laundering Act, 2002-Obligations of NBFC.
- h. Guideline on Fair Practices Code for NBFCs.
- i. Memorandum of instructions governing money changing activities notified by Reserve Bank of India.
- j. Money Transfer Service Scheme notified by Reserve Bank of India.

- a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
- b) Delisting of equity shares.
- c) Buy-back of securities.

During the period under review the Company, has complied with the provisions of the Act, Rules, Regulations, Guidelines as mentioned above subject to the following:

*The remuneration paid to non-executive directors on the basis of the net profits of the Company for the period 2013-14 vide the resolution of the Board of Directors of the Company dated May 15, 2014 is not approved by the shareholders of the Company, either in terms of Section 309(4) of the Companies Act, 1956 or in terms of Section 197(4) of the Companies Act, 2013.*

### **We further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In the absence of any statutory requirement to send agenda or detailed notes on agenda seven days in advance, reporting on compliance of the same does not arise.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting views for being captured in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major

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

- (i) Listing Agreement entered into with Stock Exchanges.
- (ii) The compliance of Secretarial Standards does not arise as the same has not been notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

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

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

bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a. Interim Dividend at the rate of 0.45 paise per equity share of ₹ 2/- for the financial year 2014-15 was declared;
- b. Members have enabled Borrowing Powers of the Company up to a limit of ₹ 20,000 Crores, over and above the aggregate of the paid-up share capital and free reserves under Section 180(1) (c) of the Companies Act, 2013 through Postal Ballot.
- c. The Board of Directors of the Company at their meeting held on September 23, 2014 decided to diversify the business of the Company by venturing into micro finance lending, providing commercial vehicle loans and carrying on the business of a Depository Participant of CDSL after obtaining in-principle approval from Securities and Exchange Board of India.
- d. The Board of Directors of the Company at their meeting held on December 23, 2014 approved the acquisition of 85% of the share capital of Asirvad Micro Finance Private Limited, Chennai for a total consideration of ₹ 671 million.
- e. The Company made a public issue of 1.5 million Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1000/- each aggregating to ₹ 1500 million with an option to retain over subscription up to ₹ 1500 million aggregating to ₹ 3000 million in compliance of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 vide Prospectus dated September 9, 2014.
- f. The Company allotted 190 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,00,000/- each aggregating to ₹ 1,90,00,000/- arising out of a private placement made during the financial year 2014-15.
- g. The Company made another private placement of 1000 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,00,000/- each aggregating to ₹ 10,00,00,000/- out of which 310 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,00,000/- each aggregating to ₹ 3,10,00,000/- was allotted.

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For KSR & Co Company Secretaries LLP

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**Dr.K.S.Ravichandran**

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Date: May 14, 2015

Managing Partner

Place : Coimbatore

(FCS: 3675; CP: 2160)

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# Annexure-III

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

## CSR ACTIVITIES

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

### 1. Brief Outline of CSR Policy of the Company.

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

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

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

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

In line with the above CSR Policy, major CSR programmes now being undertaken by Manappuram Foundation (a Trust formed by the Company under the Trust Act) under various focus areas are as follows:-

#### I. Promotion of Health Care

##### i. "Janaraksha Manappuram Soujanya Arogya Insurance Scheme"

The scheme provides free health insurance to the BPL category in the coastal belt of Thrissur District. It was first launched in 2010 and covers one lakh people (about 20,000 BPL families) in the seven Panchayats near the Corporate Office of the Company. These Panchayats are Edathiruthy, Engandiyur, Kaipamangalam, Nattika, Vatanappally, Valapad and Thalikulam.

Under the scheme, the premium payable to the insurance company at the rate of ₹ 470/- per family per annum for UHI scheme and ₹ 30/- for the RSBY scheme is directly paid by the Foundation. The insured family gets a maximum coverage of ₹ 30,000/- for illnesses involving hospital treatment under each scheme. According to the feedback this has been a source of great relief to the poor in this area. It is estimated that during the last five years,

total benefits in excess of ₹ 10 crores have been disbursed to the beneficiaries.

Further under this project the Foundation has also set up Counselling Centres in each of these seven Panchayats. These centres are manned by professionally qualified and experienced counsellors. They render counselling services to the needy people apart from assisting the insured with the paperwork and other help required to avail the benefits under the scheme. The active involvement and co-operation of the local government representatives and Kudumbasree member in these communities has contributed greatly to the success of the scheme.

|                                                                     |               |
|---------------------------------------------------------------------|---------------|
| Number of families benefited                                        | 1,062         |
| Amount Disbursed till March 2015                                    | ₹ 59,97,455/- |
| Amount of Premium for renewing Insurance Policy                     | ₹ 93,87,310/- |
| Other Overhead Expenses (Salary and other benefits to Counsellors ) | ₹ 28,98,645/- |

##### ii. "Manappuram Janaraksha Sowjanya Arogya Suraksha Padhathi"

The Scheme provides for reimbursement of 75 percent of the cost paid for laboratory/clinical tests, x-rays, scanning, etc. from reputed Labs and Clinics to Janaraksha Manappuram Cardholders. Other BPL families are reimbursed at 25 percent subject to a maximum of ₹ 2, 000/- per person per annum for both categories. In addition, these families are eligible for a discount of 20 percent on medicines purchased from approved pharmacies. A large number of people in the coastal area have benefited from the scheme involving an outlay of ₹ 28,47,605/-

Besides, regular Medical camps are held in these Panchayats and also other centres for the purpose of screening for various diseases. The programme has helped the local population gain access to free medical checkups at regular intervals. About 2000 families have benefited from this project and it involved an expenditure of ₹ 1,32,23,871/-

##### iii. Specialised Counselling Centres at Thrissur

The Thrissur Centre provides specialised counselling services by experts and qualified counsellors to

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

needy individuals. It also conducts pre & post marital counselling, medical camps as well as training for income generating programmes.

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

A total of 9,732 families have benefited from the above programme involving an expenditure of ₹ 6,92,151/-

#### iv. Dialysis Treatment

With the number of kidney patients increasing day by day and considering the prohibitive cost of dialysis treatment, Manappuram Foundation has donated two dialysis machines to the Perungottukara Association which provides free dialysis treatment to needy people in the area. Further, from December 2014 onwards a regular monthly contribution of ₹ 1 lakh also is being made to the Association to meet its operating expenses. During the last two years, approximately 450 patients have been given free dialysis treatment by the Association. During the year an amount of ₹ 4,00,000/- was extended to the Association

Likewise, Santhi Medical Information Centre (Guruvayur), headed by a well known social worker, Ms. Uma Preman, provides free dialysis treatment to needy people. The Manappuram Foundation contributes ₹ 25,000/- every month to the centre. An additional one-time contribution of ₹ 5,00,000/- has also been made towards their new project "Santhi Bhavanam", an old age home to support abandoned women in our community. Accordingly the total amount extended for the above scheme is ₹ 8,00,000/-

#### v. Palliative Care Clinic

Palliative Care is another focus area for the Foundation where it has rendered substantial financial assistance. Alpha Pain and Palliative Care clinic, Edamuttam, is renowned for its exemplary services to patients in need of palliative care. Manappuram Foundation makes a monthly

contribution of ₹ 1 lakh to the Clinic to help meet their operating expense. Substantial lump sum financial assistance has also been given to the Clinic for specific projects undertaken by the Clinic. The total amount of assistance extended during the year 2014-15 to the clinic is ₹ 33,28,600/-

#### vi. Assistance for Mentally Handicapped Adults

Manappuram Foundation has donated an amount of ₹ 10 lakhs to the Association of Mentally Handicapped Adults (AMHA) in partial funding of a living unit of their new project at Thaikkattussery, Thrissur District for mentally challenged persons. The Centre is headed by Prof. Bhanumathi, a President's Award winner. The Association renders yeomen service to mentally handicapped adults.

### II. Old age Homes / Day Care Facilities for Senior Citizens

#### i. "Pakal Veedu" (Day Care Centre)

This project "Pakal Veedu" (Day Care Centre) was launched in 2013, in association with Thalikulam Vikas Trust, for the benefit of senior citizens. A comprehensive Geriatric Care programme has also been implemented for the people in the age group of 65 years and above residing in Thalikulam Panchayath. "Pakal Veedu" provides relief to senior citizens in the area. During the Year an expenditure of ₹ 10,14,564/- has been incurred for these two initiatives.

### III. Promotion of Education

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

#### i. "Manappuram Academy of Professional Education"

The Academy imparts free coaching classes for students hailing from the weaker section of the society — BPL families, SC, ST and backward classes. During the recently held IPCC examination conducted by the CA institute, students sponsored by the Academy achieved 65 percent pass

An expenditure of ₹ 39,96,162/- has been incurred under this head during the year 126 students attended various courses at the Academy during the year.

## Annexure-III

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

### ii. **Manappuram Academy for Entrance Coaching (MAEC)**

This is the most recent initiative of the Academy is to provide coaching for medical and engineering entrance examination to bright students hailing from the weaker sections of the society. The Academy is headed by an experienced and locally well-reputed faculty.

### iii. **English for self confidence**

Under this programme, free coaching classes are conducted for the benefit of school students in the coastal areas in order to improve their communication skills in English.

The expenditure incurred on the project was ₹ 5,07,803/- and 420 students benefited.

### iv. **Empowerment of generation next through education**

In this programme, scholarships are given to students from BPL families at SNS Samajam Vidya Mandir, Edamuttam. All their expenses on education including tuition fee, books etc. is met by the Foundation which makes direct payment to the school. Also, six scholarships of ₹ 6,000/- each have been instituted to MBA students of Kerala University of Fisheries & Ocean Studies (KUFOS) to pursue their studies in Management.

The most recent initiative in the education area is a proposal to set up a premium Public school in the coastal area meant for students hailing from weaker sections of the society.

### v. **S.N.College, Nattika**

The Foundation is contributing an amount of ₹ 25 lakhs to S N College, Nattika, for construction of their new library building. Payment will be released in stages based on the progress of construction work of the building. The amount released as of March 2015 is ₹ 5,00,000/-

### vi. **"Management House" for Thrissur Management Association (TMA)**

A donation of ₹ 25 lakhs was made to Thrissur Management Association (TMA) for construction of their Management House at Thrissur which was inaugurated by the Hon'ble Governor of Kerala on April 5, 2015.

vii) An amount of ₹ 5 lakhs has been donated to Kerala State Higher Education Council, Thiruvananthapuram, for an Endowment Fund named "V C Padmanabhan Memorial Manappuram Endowment Fund". The endowment will be awarded to students belonging to the OBC community for pursuing higher education in business studies at Cochin University of Science and Technology (CUSAT)

viii) As part of programme to upgrade infrastructure in local Schools, the Foundation has donated Toilets and other facility to Government /local Schools in the coastal area of Thrissur. The project involved an expenditure of ₹ 25,58,258/- during the year under report.

## IV. **Empowerment of Women**

### i. **"Sarojini Padmanabhan Women Empowerment Programme"**

The Foundation has set up 3 centres named as "Ma-Mahima" at Thrissur, Palakkad and Ernakulam under the Sarojini Padmanabhan Women Empowerment Programme. The centres are headed by well known social workers and are equipped to provide free training to women in vocations such as tailoring etc. The objective is to enable them to stand on their own feet through income generating skills. Quite a number of trainees who have completed their training here are now engaged in these vocations and are earning their own livelihood.

The amount spent on this initiative at the three centres was ₹ 19,91,441/- as of March 31, 2015

## V. **Other Initiatives**

i. The Foundation has donated an amount of ₹ 25 lakhs to the Government of Kerala for its mission "Zero Landless Kerala Project" which involves identifying the landless and providing land to those eligible so as to ensure social development and eradication of extreme poverty.

ii. In the area of ecology and environmental sustainability, the Foundation has instituted a Chair in the name "V C Padmanabhan Chair for Ecology and Environmental Conservation", under a leading environmentalist Dr. V.S. Vijayan, at the Salim Ali Foundation, Thrissur. As part of this project, a holistic, eco-friendly and sustainable development project is now in the process of implementation in Vellangallur Panchayat in Thrissur District. The amount spent under this project during 2014-15 at the rate of ₹ 1.25,000/-per month is ₹ 11,25,000/-

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

As is apparent from what has been stated above, the Foundation has implemented several schemes for the benefit of the weaker sections of the society as part of the CSR thrust of MAFIL.

## 2 The Composition of the CSR committee

The CSR committee is comprised of the following directors

|                            |          |
|----------------------------|----------|
| Mr V.R. Rajiven.IPS (Retd) | Chairman |
| Mr V.P. Nandakumar         | Member   |
| Adv. V.R.Ramachandran      | Member   |

## 3 Average net profit of the Company for last three financial years

₹ in Million

|                   | March 31, 2012 | March 31, 2013 | March 31, 2014 | Average Net Profit |
|-------------------|----------------|----------------|----------------|--------------------|
| Profit before Tax | 8,770.24       | 3,063.03       | 3,425.58       | 5,086.28           |

## 4 Prescribed CSR Expenditure

2% of the Average Net Profit of ₹ 5,086.28 = ₹ 101.73

## 5 Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year : 101.73

(b) Amount unspent, if any : 54.64

(c) Manner in which the amount spent during the financial year is detailed below.

| (1)    | (2)                                                                                                                                   | (3)                                    | (4)                                                                                                                                                                   | (5)                                                                 | (6)                                                                                                                                             | (7)                                                                    | (8)                                                       |
|--------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------|
| Sl. No | CSR Project or Activity Identified                                                                                                    | Sector in which the project is covered | Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken                                        | Amount outlay (budget) Project or programs wise (Amount in Million) | Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program.<br>(2) Overheads: (Amount in Millions) | Cumulative expenditure up to the reporting period (Amount in Millions) | Amount spent: Direct or through implementing agency       |
| 1(a)   | Eradicating Hunger, Poverty and Malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water | Preventive Health Care                 | Janaraksha Manappuram Sowjanya Arogya Insurance scheme-Local Area-Thrissur District -Kerala State                                                                     | 3.84                                                                | 2.93 (overheads ₹ 0.09 )                                                                                                                        | 3.02                                                                   | Amount spent by Implementing Agency Manappuram Foundation |
| (b)    | do                                                                                                                                    | Preventive Health Care                 | Manappuram Janaraksha Sowjanya Arogya Suraksha Padhathi-Thrissur District Kerala State                                                                                | 3.5                                                                 | 2.85 (overheads ₹ 0.09 )                                                                                                                        | 2.94                                                                   | Amount spent by Implementing Agency Manappuram Foundation |
| (c)    | do                                                                                                                                    | Preventive Health Care                 | Medical Camps - Thrissur District Kerala State                                                                                                                        | 10                                                                  | 13.22 (overheads ₹ 0.40 )                                                                                                                       | 13.62                                                                  | Amount spent by Implementing Agency Manappuram Foundation |
| (d)    | do                                                                                                                                    | Preventive Health Care                 | In Local Area for two Dialysis Machines and free dialysis which is a joint project of Manappuram Foundation and Peringottukara Association Thrissur dist Kerala State | 0.4                                                                 | 0.40                                                                                                                                            | 0.40                                                                   | Through Peringottukara Dialysis Centre Thrissur           |

## Annexure-III

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

| (1)<br>Sl. No | (2)<br>CSR Project or Activity Identified                                                                                                                                                        | (3)<br>Sector in which the project is covered                                                                                              | (4)<br>Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken                                 | (5)<br>Amount outlay (budget) Project or programs wise (Amount in Million) | (6)<br>Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program.<br>(2) Overheads: (Amount in Millions) | (7)<br>Cumulative expenditure up to the reporting period (Amount in Millions) | (8)<br>Amount spent: Direct or through implementing agency                                |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| (e)           | do                                                                                                                                                                                               | Preventive Health care                                                                                                                     | Thirssur Local area Kerala State                                                                                                                                      | 0.8                                                                        | 0.80                                                                                                                                                   | 0.80                                                                          | Through Shanti Medical Information Centre Guruvayur                                       |
| (f)           | do                                                                                                                                                                                               | Preventive Health Care,eradicating poverty                                                                                                 | Palliative Care Edamuttom Thrissur dist-Kerala State                                                                                                                  | 3.2                                                                        | 3.33                                                                                                                                                   | 3.33                                                                          | Through Alpha Pain clinic and Palliative Care Clinic ₹ 1.5 Million paid by MAFIL directly |
| (g)           | do                                                                                                                                                                                               | Eradicating Hunger,Poverty and Malnutrition                                                                                                | In the State of Kerala Mission Zero Landless Kerala                                                                                                                   | 2.5                                                                        | 2.50                                                                                                                                                   | 2.50                                                                          | Through Government of Kerala                                                              |
| (h)           | do                                                                                                                                                                                               | Preventive Health Care                                                                                                                     | In the state of Andhra Pradesh which is one of the 29 regions the Company has at Thippanapally village in kalyan durgam town Anathapur for making an RO water plant   | 0.145                                                                      | 0.15                                                                                                                                                   | 0.15                                                                          | Amount spent by Implementing Agency Manappuram Foundation                                 |
| (i)           | do                                                                                                                                                                                               | Preventive Health care                                                                                                                     | Other Areas At Karamanangari-Andhra Pradesh, Kunnathur / Trippur/Erode -TamilNadu, Aurangabad and Solapur -Maharashtra region In India where our Branches are located | 0.137                                                                      | 0.14                                                                                                                                                   | 0.14                                                                          | Amount spent by MAFIL Directly                                                            |
| (j)           | do                                                                                                                                                                                               | Preventive health care                                                                                                                     | In Local Area For a Blood mobile Van Under IMA Thrissur which is a joint project of District panchayat and IMA                                                        | 0.5                                                                        | 0.50                                                                                                                                                   | 0.50                                                                          | Through Indian Medical Association Thrissur                                               |
| (k)           | do                                                                                                                                                                                               | Preventive health care                                                                                                                     | To local area participated programmes with organisations                                                                                                              | 0.148                                                                      | 0.15                                                                                                                                                   | 0.15                                                                          | through Lions club organisations                                                          |
| (l)           | do                                                                                                                                                                                               | Preventive health care                                                                                                                     | Own local area within Station Valapad, Thrissur-Free Ambulance service                                                                                                | 1.5                                                                        | 1.12 (overheads ₹ 0.03)                                                                                                                                | 1.15                                                                          | Amount spent by Implementing Agency Manappuram Foundation                                 |
| 2(a)          | Promoting Education, including Special education, and employment enhancing vocation skills especially among children, women, elderly, and differently abled and lively hood enhancement projects | Employment enhancing vocational skills especially among children, women, elderly and differently able and lively hood enhancement projects | At Local area -Manappuram Foundation Thrissur centre-Thrissur District kerala state                                                                                   | 1                                                                          | 0.69 (overheads ₹ 02)                                                                                                                                  | 0.71                                                                          | Amount spent by Implementing Agency Manappuram Foundation                                 |

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

| (1)<br>Sl. No | (2)<br>CSR Project or Activity Identified | (3)<br>Sector in which the project is covered                                 | (4)<br>Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken                                                                                                                                                             | (5)<br>Amount outlay (budget) Project or programs wise (Amount in Million) | (6)<br>Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program.<br>(2) Overheads: (Amount in Millions) | (7)<br>Cumulative expenditure up to the reporting period (Amount in Millions) | (8)<br>Amount spent: Direct or through implementing agency |
|---------------|-------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------|
| (b)           | do                                        | Differently abled and livelihood enhancement projects                         | In Local Area Thrissur district For a Building block for Association of Mentally Handicapped Adults (charitable Rehabilitation Centre) at Thykattuserry which is a project for mentally retarded people who are economically and socially backward                                                | 1                                                                          | 1.00                                                                                                                                                   | 1.00                                                                          | Through AMHA at Thycattuserry                              |
| (c)           | do                                        | Promoting Education                                                           | Local area Triprayar and Valapad, For Manappuram Academy of Professional Education, Entrance coaching and English for self confidence and infrastructure development of government/Local school toilets construction and other facilities in the local panchayats and in the District of Thrissur | 7.4                                                                        | 7.06 (overheads ₹ 0.21 )                                                                                                                               | 7.27                                                                          | Amount spent by Implementing Agency Manappuram Foundation  |
| (d)           | do                                        | Promoting Education                                                           | For education facilities at Nattika S.N.College                                                                                                                                                                                                                                                   | 2.5                                                                        | 0.50                                                                                                                                                   | 0.5                                                                           | Through SN College Education Trust                         |
| (e)           | do                                        | Promoting Education                                                           | For Promoting Management Education Thrissur District                                                                                                                                                                                                                                              | 2.5                                                                        | 2.5                                                                                                                                                    | 2.5                                                                           | Through The Thrissur Management Association                |
| (f)           | do                                        | Promoting Education                                                           | In the state of Kerala for Kerala Higher Education society for scholarship for Business studies for socially backward communities at Cochin Uty of Science and technology (V.C.Padmanabhan Memorial Manappuram Endowment Fund)                                                                    | 0.5                                                                        | 0.50                                                                                                                                                   | 0.50                                                                          | Through CUSAT at Kochi                                     |
| (g)           | do                                        | Promoting Education                                                           | For construction of a public school for all including socially and economically backward community                                                                                                                                                                                                | 20                                                                         | 0.00                                                                                                                                                   | 0.00                                                                          | Amount spent by Implementing Agency Manappuram Foundation  |
| (h)           | do                                        | Vocational skills among differently abled and livelihood enhancement projects | In the state of Karnataka -Bangalore To the Spastic Society of Karnataka for Building Construction                                                                                                                                                                                                | 0.537                                                                      | 0.50 (overhead 0.02)                                                                                                                                   | 0.52                                                                          | Amount spent by Implementing Agency Manappuram Foundation  |

## Annexure-III

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

| (1)<br>Sl. No | (2)<br>CSR Project or Activity Identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (3)<br>Sector in which the project is covered                                             | (4)<br>Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | (5)<br>Amount outlay (budget) Project or programs wise (Amount in Million) | (6)<br>Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program.<br>(2) Overheads: (Amount in Millions) | (7)<br>Cumulative expenditure up to the reporting period (Amount in Millions) | (8)<br>Amount spent: Direct or through implementing agency    |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------|
| (i)           | do                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Promoting education                                                                       | Supply of furniture to the High School in Kandukur in Ananthapur district in Andhra Pradesh                                           | 0.18                                                                       | 0.18 (overhead 0.01)                                                                                                                                   | 0.19                                                                          | Through the Zilla Parishad Ananthapur                         |
| (j)           | do                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Promoting Education                                                                       | To local area participated programmes with organisations At Thrissur district                                                         | 1.37                                                                       | 0.92                                                                                                                                                   | 0.92                                                                          | through Kerala Balasahaya samithy, SOLACE etc                 |
| 3(a)          | Promoting Gender equality, empowering women, setting up homes and hostels for women and orphans, setting up oldage homes, daycare centre, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups Promoting Gender equality, empowering women ,setting up homes and hostels for women and orphans :,setting up oldage homes ,daycare centre, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups | Empowering women                                                                          | Local Area and Thrissur district                                                                                                      | 0.03                                                                       | 0.03                                                                                                                                                   | 0.03                                                                          | through Government of Kerala, Vridha janaskhema organisations |
| (b)           | do                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Empowering women                                                                          | Ma-Mahima Centers at The locations Trissur/Kochi and Palakadu districts in Kerala                                                     | 2                                                                          | 1.99 Overhead 0.06                                                                                                                                     | 2.05                                                                          | Amount spent by Implementing Agency Manappuram Foundation     |
| (c)           | do                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Setting up of old age homes, daycare centre and such other facilities for senior citizens | Pakal Veedu at Thalikulam Thrissur District Kerala State                                                                              | 1.1                                                                        | 1.01 (overhead .02)                                                                                                                                    | 1.03                                                                          | Amount spent by Implementing Agency Manappuram Foundation     |
| 4             | Ensuring environmental sustainability, ecological balance, protection of flora and fauna animal welfare, agroforestry, conservation of Natural Resources, and maintaining quality of soil, air and water.                                                                                                                                                                                                                                                                                                                                                            | Ensuring environmental sustainability and ecological Balance                              | V.C. Padmanbhan Chair for Ecology and Environment Conservation-At Vellangallur panchayat in Thrissur District                         | 1.5                                                                        | 1.13                                                                                                                                                   | 1.13                                                                          | Through Salim Ali Foundation, Thrissur                        |
| 5             | Training to promote rural sports ,nationally recognised sports ,Paralympics sports and Olympic sports                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Training to promote local sports                                                          | To local area participated programmes with organisations in Thrissur District                                                         | 0.01                                                                       | 0.01                                                                                                                                                   | 0.01                                                                          | Through Police Club for Sports                                |

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

| (1)    | (2)                                                                                                                                                                                                                               | (3)                                    | (4)                                                                                                                            | (5)                                                                 | (6)                                                                                                                                             | (7)                                                                    | (8)                                                                         |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Sl. No | CSR Project or Activity Identified                                                                                                                                                                                                | Sector in which the project is covered | Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) Project or programs wise (Amount in Million) | Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program.<br>(2) Overheads: (Amount in Millions) | Cumulative expenditure up to the reporting period (Amount in Millions) | Amount spent: Direct or through implementing agency                         |
| 6      | Protection of National heritage ,art and Culture including restoration of building and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handcrafts | Setting up of Libraries                | To local area of Edamuttom Area and Thrissur District                                                                          | 0.03                                                                | 0.03                                                                                                                                            | 0.03                                                                   | Through Edamuttom-Library and Vishwasamskriti Prathisthan and Samskara vedi |
|        | <b>Total</b>                                                                                                                                                                                                                      |                                        |                                                                                                                                | <b>68.33</b>                                                        | <b>47.09</b>                                                                                                                                    | <b>47.09</b>                                                           |                                                                             |

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

The unspent amount of ₹ 53.40 million was planned to be spent on acquiring land for the purpose of constructing a Public School in order to promote high standard education to students coming from the economically and socially backward society.

The initial amount of ₹ 53.40 million towards purchase of Land for construction of Public School was planned to be spent during the financial year in two stages – in the first stage by making an advance of ₹ 20 million upon executing agreement to purchase to Land owner and in the second stage an amount of ₹ 33.40 million was planned to be spent by making payment to the land owner on demarcation survey of the land. However, this could not be materialized due to necessity to have further negotiations with the land owner for reduction of land cost. The same amount will be spent during 2015-16 and the Company is hopeful of arriving at an agreement for purchase of land.

Another amount of ₹ 1.24 million could not be spent due to the delay occurred in the structural fabrication and installation of Medical equipments in the Ambulance and construction of toilets and other facilities in the 7 Govt. Schools belonging to the 7 panchayaths adjoining the Corporate Office. This will be completed in the year 2015-16.

- 7** A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

We certify that the implementation and monitoring of CSR policy as adopted by the board at its meeting held on July 25, 2014 is in compliance with the CSR objectives and policy of the Company

|                          |                       |                              |
|--------------------------|-----------------------|------------------------------|
| <b>V.R.Rajiven</b>       | <b>V.P.Nandakumar</b> | <b>Adv. V.R.Ramachandran</b> |
| Chairman - CSR Committee | Member CSR Committee  | Member CSR Committee         |
|                          | MD & CEO              |                              |

## Annexure-IV

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

### AUDITORS' CERTIFICATE

To  
The Members of  
**Manappuram Finance Limited**

We have examined the compliance of conditions of corporate governance by Manappuram Finance Limited, for the year ended on March 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Bharath NS  
Partner  
Membership Number: 210934

Place : Chennai  
Date: May 14, 2015

# Annexure-V

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

## FORM AOC-I

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

### PART "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amount in ₹)

1. Name of the Subsidiary: MANAPPURAM HOME FINANCE PRIVATE LIMITED
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: March 31, 2015
3. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of Foreign subsidiaries:
4. Share Capital: ₹ 45,00,00,000
5. Reserves & Surplus: ₹ (15,99,239)
6. Total assets: ₹ 45,10,91,974
7. Total Liabilities: ₹ 45,10,91,974
8. Investments: Nil
9. Turnover: ₹ 94,26,605
10. Profit before taxation: ₹ (58,90,486)
11. Provision for taxation: ₹ Nil
12. Profit after taxation: ₹ (58,90,486)
13. Proposed Dividend: Nil
14. % of Shareholding: 100%

# Annexure-V

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

## FORM AOC-I

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

### PART "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amount in ₹)

1. Name of the Subsidiary: ASIRVAD MICROFINANCE PRIVATE LIMITED
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: March 31, 2015
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign subsidiaries:
4. Share Capital: ₹ 20,75,59,810
5. Reserves & Surplus: ₹ 89,52,19,832
6. Total assets: ₹ 3,68,80,82,963
7. Total Liabilities: ₹ 3,68,80,82,963
8. Investments: ₹ 5,00,000
9. Turnover: ₹ 58,25,15,525
10. Profit before taxation: ₹ 15,61,25,583
11. Provision for taxation: ₹ 5,21,38,361
12. Profit after taxation: ₹ 10,39,87,222
13. Proposed Dividend: Nil
14. % of Shareholding: 84.98%

## Annexure-VI

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

### Asirvad Microfinance Pvt. Ltd.

#### FINANCIAL RESULTS

(₹ crores)

| S. No. | Particulars             | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------|-------------------------|------------------------------|------------------------------|
| 1      | Gross Income            | 67.33                        | 37.09                        |
| 2      | Less: Total Expenditure | 51.71                        | 29.93                        |
| 4      | Profit Before Tax       | 15.61                        | 7.16                         |
| 5      | Profit after Tax        | 10.40                        | 4.70                         |

#### RESERVES & DIVIDEND

During the year under review, dividend was paid to the preference shareholders at the rate of 12%.

#### OPERATIONS AND BUSINESS PERFORMANCE

During the year, the Company expanded its operations to the state of Karnataka by commencing 18 branches, which will help achieve geographical diversification and mitigate concentration risk.

The operational highlights of the Company are:

- ⊕ Client base has increased to 2.78 lakhs across 130 branches in 5 states (from 2.11 lakhs across 84 branches in 3 states).
- ⊕ Gross loan portfolio stood at ₹ 340 crores (as against ₹ 195 crores in March 2014) which is a growth of over 74%.
- ⊕ Total disbursement during the year 2014-15 was ₹ 411 crores as against ₹ 251 crores for 2013-14.
- ⊕ the Company has also ensured compliance to all the guidelines stipulated by the Central bank for the Microfinance industry.
- ⊕ The Company had a total staff strength of 553 as at March 2015.

#### CREDIT RATING

ICRA, India's leading Ratings, Research, Risk and Policy Advisory Company had upgraded the entity grading of the Company to M2+ (from M2 in 2014). The bank loan rating was also upgraded to BBB (with positive outlook) in February 2015. The rating was given after taking into account the experienced management team, good corporate governance, strong loan monitoring and collection mechanisms significantly strengthened by the capital infusion into the Company by Manappuram Finance Limited.

#### CAPITAL ADEQUACY

The Capital Adequacy Ratio was 34.77% as on March 31, 2015. The Net Owned Funds (NOF) as on that date was ₹ 110.28 crores. The minimum capital adequacy requirement stipulated for the Company by Reserve Bank of India is 15%.

## Annexure-VI

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

### Manappuram Home Finance Pvt. Ltd.

#### FINANCIAL RESULTS

(₹ crores)

| S. No. | Particulars             | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------|-------------------------|------------------------------|------------------------------|
| 1      | Gross Income            | 0.94                         | 0.56                         |
| 2      | Less: Total Expenditure | 1.53                         | 0.08                         |
| 4      | Profit Before Tax       | (0.59)                       | 0.48                         |
| 5      | Profit after Tax        | (0.59)                       | 0.31                         |

#### RESERVES & DIVIDEND

During the year under review, no dividend was paid.

#### OPERATIONS AND BUSINESS PERFORMANCE

During the year, the Company started its operations in month of January 2015 to the states of Maharashtra, Tamil Nadu, by commencing 4 branches.

The operational highlights of the Company are:

- ✚ Company had 16 loan accounts as on March 31, 2015.
- ✚ Gross loan portfolio stood at ₹ 2.198 Cr.
- ✚ Total disbursement during the year 2014-15 was ₹ 2.202 Cr.

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

- ✚ The Company had total staff strength of 26 as at Mar 2015.

#### CREDIT RATING

No credit rating done.

#### CAPITAL ADEQUACY

The Capital Adequacy Ratio was 2,317.64% as on March 31, 2015. The Net Owned Funds (NOF) as on that date was ₹ 44.66 crores. The minimum capital adequacy requirement stipulated for Company by National Housing Bank is 15%.

## Annexure-VII

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr no | Name of Director/KMP and designation | Remuneration of Director/KMP for financial year 2014-15 (in ₹) | % increase in Remuneration in the Financial Year 2014-15 | Ratio of remuneration of each Director/ to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|-------|--------------------------------------|----------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 1     | Jagdish Capoor(Chairman)             | 30,00,000                                                      | 20%                                                      | 29:1                                                                        | PBT is increased by 20.6% and PAT increased by 20.1 % in 2014-15                 |
| 2     | Shailesh J. Mehta (Director)         | 30,00,000                                                      | 20%                                                      | 29:1                                                                        |                                                                                  |
| 3     | P. Manomohan (Director)              | 18,00,000                                                      | 20%                                                      | 17:1                                                                        |                                                                                  |
| 4     | V.R. Ramachandran (Director)         | 12,00,000                                                      | 20%                                                      | 12:1                                                                        |                                                                                  |
| 5     | V.R. Rajiven (Director)              | 15,00,000                                                      | 50%                                                      | 14:1                                                                        |                                                                                  |
| 6     | V.P. Nandakumar (MD & CEO)           | 4,89,42,150                                                    | 10%                                                      | 472:1                                                                       |                                                                                  |
| 7     | I. Unnikrishnan (ED & Dy.CEO)*       | 1,03,63,128                                                    | (28%)                                                    | 100:1                                                                       |                                                                                  |
| 8     | B.N. Raveendra Babu (ED)             | 1,20,30,200                                                    | 9%                                                       | 116:1                                                                       |                                                                                  |
| 9     | Kapil Krishan (CFO)                  | 47,42,042                                                      | 10%                                                      | 46:1                                                                        |                                                                                  |
| 10    | Rajesh Kumar (CS)                    | 17,42,753                                                      | 41%                                                      | 17:1                                                                        |                                                                                  |

\*Mr. I Unnikrishnan re-designated as Non-Executive Director w.e.f. December 1, 2014

## Annexure-VII

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

- ii. The median remuneration of employees of the Company during the financial year was ₹ 1,03,730/-
- iii. In the financial year, there was an increase of 9% in the median remuneration of employees;
- iv. There were 15,712 permanent employees on the rolls of Company as on March 31, 2015;
- v. Relationship between average increase in remuneration and company performance:- The Profit before Tax for the financial year ended March 31, 2015 increased by 20.6% whereas the increase in median remuneration was 9%. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 8%.
- vi. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel increased by 6% from ₹ 6.71 crores in 2013-14 to ₹ 7.19 crores in 2014-15 whereas the Profit before Tax increased by 20.6% to ₹ 412.42 crores in 2014-15 (₹ 343.05 crores in 2013-14).
- vii. a) The market capitalisation as on March 31, 2015 was ₹ 27,21,30,50,849.60 (₹ 18,12,80,13,780.80 as on March 31, 2014)
- b) Price Earnings ratio of the Company was 10.05 as at March 31, 2015 and was 8.01 as at March 31, 2014
- c) The Company had come out with initial public offer (IPO) in 1995. The market capitalisation as on the date of IPO was ₹ 1,75,00,000 and the same as on March 31, 2015 was ₹ 27,21,30,50,849.60.
- viii. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 8% whereas the increase in the managerial remuneration for the same financial year was 4%.
- ix. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- xi. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Statement showing the names and other particulars of the employee drawing remuneration in excess of the limits set out in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

|   |                                                                                                                                |                                                                                   |
|---|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 1 | Name of the Employee :                                                                                                         | Arun Raman                                                                        |
| 2 | Designation of the employee:                                                                                                   | Executive Vice President                                                          |
| 3 | Nature of employment, whether contractual or otherwise:                                                                        | Permanent Employee                                                                |
| 4 | Qualification and experience of the employee:                                                                                  | Bachelor of Engineering & Masters of Business Administration, 21 years Experience |
| 5 | Date of commencement of employment:                                                                                            | 05th Jan 2015                                                                     |
| 6 | The age of such employee:                                                                                                      | 44 years                                                                          |
| 7 | The last employment held by such employee before joining the company:                                                          | AHLI Bank                                                                         |
| 8 | The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2)* above: | NIL                                                                               |
| 9 | Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager: | NIL                                                                               |

# Annexure-VIII

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

## **MANAPPURAM FINANCE LTD.,**

Policy on Board composition, Compensation and connected matters.

(As approved by the board on February 3, 2015)

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

### **I) DEFINITIONS**

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

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

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

### **II) POLICY STATEMENTS**

#### **1. Board Diversity**

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

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

Expertise in;

- i. Banking, Finance, Accountancy, Taxation
- ii. Governance, Regulatory background, Law and practice
- iii. Management, Administration (including Civil Service)
- iv. Engineering, Human resource, Subject of social relevance
- v. IT, Marketing

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

## 2. Familiarisation & Skill enhancement programme for directors

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

- 2.2 A newly appointed non- executive director may be given the opportunity to familiarise with the Company.

- 2.3 In addition to the familiarisation programme, the board may, if it thinks so, organise director's skill refreshment programmes or workshop on topics relevant to the directors/company or nominate to programmes organised by industry associations or professional bodies.

## 3. Assessment of independence & Fit and proper criteria.

- 3.1 While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act and clause 49 of the listing agreement. The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board.

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

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

## 4. Age and tenure of independent and non-executive directors.

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

- 4.2 The Company shall select only persons in the age group between 30 and 70 years for appointments to the position of non-executive directors.

## 5. Review of performance of independent directors

- 5.1 The nomination committee and the board shall put in place a mechanism for the review of performance of each independent director and other non-executive directors.

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

- 5.3 Based on the review of performance, the board may recommend for the continuance, re-appointment or removal of directors.

## 6. Compensation of Executive and Non-executive directors.

- 6.1 On the recommendation of the Nomination Committee, the board will fix the remuneration of non-executive directors (including independent directors)

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

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

## Annexure-VIII

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

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

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

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

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

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

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

### **III) APPLICABILITY OF LAWS/ REGULATIONS/ GUIDELINES**

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

### **IV) APPLICABILITY OF THE POLICY**

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

### **V) AMENDMENT TO THE POLICY.**

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

# Annexure-IX

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

| Nature of transaction (whether loan/guarantee/security/acquisition) | Date of making loan / acquisition / giving guarantee / providing security | Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities) | Amount of loan / security / acquisition / guarantee | Time period for which it is made/ given | Purpose of loan / acquisition / guarantee / security | % of loan/acquisition / exposure on guarantee/ security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium | Date of passing Board resolution | Date of passing special resolution, if required | For loans     |                  | For acquisitions              |                                 |                                                                                    |                               |                                              |
|---------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------|---------------|------------------|-------------------------------|---------------------------------|------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------|
|                                                                     |                                                                           |                                                                                                                                                |                                                     |                                         |                                                      |                                                                                                                                                                                     |                                  |                                                 | interest rate | Date of Maturity | Number and kind of securities | Nominal value and paid up value | Cost of acquisition (in case of securities how the purchased price was arrived at) | Date of selling of investment | Selling price (how the price was arrived at) |
| Loan                                                                | 23.12.2014                                                                | Asirvad Micro Finance Private Limited                                                                                                          | 150,000,000.00                                      | 24 months                               | Joint liability                                      | 50%                                                                                                                                                                                 | 23.12.2015                       | -                                               | 15%           | 22.12.2016       | -                             | -                               | -                                                                                  | -                             | -                                            |
| Loan                                                                | 29.12.2014                                                                | Asirvad Micro Finance Private Limited                                                                                                          | 150,000,000.00                                      | 24 months                               | Joint liability                                      | 50%                                                                                                                                                                                 | 23.12.2015                       | -                                               | 15%           | 28.12.2016       | -                             | -                               | -                                                                                  | -                             | -                                            |
| Acquisition                                                         | 13.02.2015                                                                | Asirvad Micro Finance Private Limited                                                                                                          | 486,334,764.87                                      | -                                       | Diversification of business                          | 71.23%                                                                                                                                                                              | 23.12.2015                       | -                                               | -             | -                | 5836887(equity shares)        | 58368870                        | 486,334,764.87                                                                     | -                             | -                                            |
| Acquisition                                                         | 19.02.2015                                                                | Asirvad Micro Finance Private Limited                                                                                                          | 630,000,038.00                                      | -                                       | Diversification of business                          | 47.99%                                                                                                                                                                              | 23.12.2015                       | -                                               | -             | -                | 7561126(equity shares)        | 75611260                        | 630,000,038.00                                                                     | -                             | -                                            |
| Acquisition                                                         | 27.03.2015                                                                | Manappuram Home Finance Private Limited                                                                                                        | 339,000,000.00                                      | -                                       | Right issue                                          | 75.33%                                                                                                                                                                              | 03.02.2015                       | -                                               | -             | -                | 339000000(equity shares)      | 3390000000                      | 339,000,000.00                                                                     | -                             | -                                            |

# Management Discussion and Analysis Report

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

## 1. ECONOMIC OUTLOOK

In FY 2014-15, the Indian economy emerged as one of the few large economies with a promising outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and the boost to reforms among others. According to the IMF, India is set to become the world's fastest-growing major economy by 2016 ahead of China. India is expected to grow at 6.3 percent in 2015, and 6.5 percent in 2016 by when it is likely to cross China's projected growth rate, according to the IMF said its World Economic Outlook, January 2015.

In January 2015, the government revised base year from FY 2004-05 to FY 2011-12. It unveiled a new statistical method to calculate the national income with a broader framework that turned up a pleasant surprise: GDP in FY 2013-14 grew 6.9 percent instead of the earlier 4.7 percent. The revision in base year of India's national accounts will increase the size of the economy to ₹ 111.7 trillion (US\$ 1.8 trillion) in FY 2013-14, according to India Ratings. The size of the Indian economy was at about ₹ 93.89 trillion (US\$ 1.51 trillion) in FY 2012-13.

The easing of interest rate cycle has begun with repo rate being reduced by 50 basis points in 2015 as steep fall in global crude oil prices aided in reducing inflation and shrinking the current account

deficit. The current account deficit has narrowed consequent to the fall in trade deficit and increase in invisibles. However, even as the trade deficit has shrunk to 17 months low in February 2015, it was accompanied by deterioration in exports growth.

The easing of policy rate should facilitate credit growth going ahead as deployment of bank credit to micro & small, medium and large industries (6.6 percent) and services (7.5 percent) moderated significantly in January 2015 as against a growth of 13.6 percent and 17.3 percent respectively during January 2014. The sharp fall in inflation (WPI) aided by the decline in global commodity prices reduces much of the risk to domestic growth. Nonetheless, the slowdown in the commodity prices globally poses a big threat to global growth prospects. This in turn is bound to have some impact on India.

India's foreign exchange reserves stood at a record high of US\$ 343.2 billion as of April 17, 2015, having crossed the previous high of almost US\$ 321 billion in September 2011. In recent months, RBI has generally been buying dollars to keep a check on the excessive appreciation of the rupee which can hinder exports. At current levels, reserves are sufficient to cover imports for eight to nine months.

Decentralisation and setting a target for inflation as per the monetary policy framework agreement between the central bank and the Union government are two landmark changes being ushered in the recent period. The decisive re-shaping of Centre-State fiscal relations through fiscal decentralisation (42 percent share of the divisible pool of taxes will now be transferred to states) will bring about a fundamental change in which development activities will be rolled out in future. All the above proposed measures have the ability to fast track India's growth momentum.

**India's foreign exchange reserves stood at a record high of US\$ 343.2 billion as of April 17, 2015, having crossed the previous high of almost US\$ 321 billion in September 2011.**

## 2. SCENARIO FOR NBFCs

The NBFC sector has been gaining systemic importance in the recent years and the share of NBFC has steadily grown from 10.7 percent of banking assets in 2009 to 14.3 percent of banking assets in 2014. NBFCs typically have several advantages over banks due to their focus on niche

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

segment, expertise in the specific asset classes, deeper penetration in the rural and unbanked markets. However, on the flip side, they depend to a large extent on bank borrowings, leading to high cost of borrowings and face competition from banks which have lower cost of funds.

#### Revised Regulatory Framework for NBFC:

The rising importance of NBFCs and their growing interconnectedness with banks as well as issues like risk management framework for the sector, regulatory gaps and arbitrages, compliance and governance issues have led to the RBI making certain regulatory changes. The 'Revised Regulatory Framework for NBFCs', released on November 10, 2014, broadly aims at strengthening the structural profile of NBFC sector, wherein focus is more on safeguarding of the depositors money and regulating NBFCs which have increased their asset-size over time and gained systemic importance.

The key changes introduced in the regulatory frameworks are NPA recognition to 90 days overdue from 180 days at present and increased provisioning on standard assets which can impact profitability. However, early adoption of these changes will facilitate disciplined approach in asset monitoring and will intensify collection effort in the early delinquency buckets to reduce NPAs thus minimising the impact. The increase in disclosure requirement and corporate governance norms will increase transparency and the accountability of management and the Board and also improve investor awareness.

Due to subdued economic growth, the last two years have been a challenging period for the NBFCs with moderation in rate of asset growth and

rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalisation levels and conservative liquidity management continue to provide comfort to the credit profile of NBFCs in spite of the impact on profitability.

### 3. GOLD PRICE MOVEMENTS

In January, the London Bullion Market Association (LBMA) forecast an average gold price of 1,211 US dollar for 2015. This is 0.6 percent lower than the average price of 1,218 US dollar in the first half of the month.

The analysts surveyed by the LBMA foresee further pressure on the gold price coming from the potential increase in the value of the US dollar, a possible increase of interest rates by the US Federal Reserve in the second half of 2015, Quantitative Easing (QE) programmes in Europe as well as a continuing trend of weak oil price. This would likely lead to a diminished demand for a hedge against inflation.

However, some investment professionals are pessimistic and caution investors against the temptation to buy gold. It is argued that one of the main reasons to own gold – the fear of inflation – is so far from being a problem that demand will remain low. Moreover, expectations about the US economy performing well in 2015 will likely continue to weigh down the gold price.

On the other hand, gold price will likely be supported by the strong retail demand from China and India (though only limited support is expected to come from the central banks). Further, any further fall in price will likely lead to a cut back in output of gold as gold mines operating at the margin will be rendered uncompetitive.

#### Gold price movements in India

##### Gold price in Mumbai (per gram, 24K)

|       | Opening price<br>April 1, 2014 | Closing price<br>March 31, 2015 | Highest price in<br>FY 2014-15 | Lowest price in<br>FY 2014-15 |
|-------|--------------------------------|---------------------------------|--------------------------------|-------------------------------|
| Price | ₹ 2,844                        | ₹ 2,678                         | ₹ 2,980                        | ₹ 2,531                       |

# Management Discussion and Analysis Report

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

Gold prices in India keep track of the international prices after factoring in the additional impact of the rupee-dollar exchange rate and the prevailing customs duty. While international prices had fallen by close to 30 percent in 2013, the decline in India was less at about 10 percent mainly because of currency depreciation and increase in import duty on gold from 2 percent to 10 percent. With the pressure on current account easing during the last year, there followed a relaxation of measures like the 80:20 rule that made traders re-export 20 percent of the gold they imported. However, customs duty on import of gold continues to remain at a high of 10 percent.

## 4. SCENARIO FOR GOLD LOAN NBFCs

Gold loans in India have been in existence for centuries, in the form of informal institutions such as pawn shops, delivering quick and easy access to loans against gold as collateral. Until a couple of decades ago, gold loans were delivered almost totally through the unorganised sector by private money lenders and pawn brokers typically at usurious rates of interest. However, with the entry of formal financial institutions in the gold loan sector, the market dynamics have changed completely.

Formal financial institutions have introduced innovative gold loan products at cheaper costs, and provide better customer service and they now command a market share exceeding 25 percent. The organised gold loan market has grown at 40 percent CAGR in the period from 2002 to 2010. The gold loan market has emerged as one of the most reliable sources of credit for low-income households. Compared to other sources of credit available to low-income households - such as loans from Microfinance Institutions (MFI), loans from Self-Help Groups (SHGs), or community-based borrowing - gold loans are easily available with minimal procedural requirements. Unlike MFI loans, gold loans can be used for various purposes. This provides flexibility to gold loan clients to use the money for medical expenses, education, or repair of household assets etc., which are important investments that improve the quality of life.

### Regulatory environment for Gold Loan NBFCs

During FY 2011-12, India's Current Account Deficit (CAD) became a cause for concern and import of gold was seen as contributing a major share to the deficit. This factor, along with concerns about increased systemic risk arising from the rapid growth of gold loan NBFCs, led the RBI to tighten regulations governing gold loan NBFCs. The intervention had a salutary impact on the sector from a long term perspective in terms of strengthening the ability to withstand price risk, improved customer care, standardisation of processes related to valuation of security etc. However, in the course of adjustment to the tighter regime, growth in the sector was affected and business volumes suffered a marked decline over the following two years.

In contrast, FY 2014-15 witnessed stability in the regulatory environment. There was no material change in the regulations pertaining to gold loan NBFCs. It may be recalled that in January, 2014, RBI had permitted gold loan NBFCs to lend up to 75 percent of the collateral value of gold (i.e. cap on LTV of 75 percent) as against the earlier cap of 60 percent. Further, banks were also made to adhere to the stipulation. A major demand of the gold loan NBFCs—restoration of a level playing field vis-a-vis banks—was thus conceded.

### The recovery in gold loans

Having gone through tough times for a couple of years, during FY 2014-15, gold loan companies regained their footing and succeeded in making their business resilient to gold price volatility. The trigger for the change in fortunes goes back to the decision by RBI in January 2014 to increase the loan-to-value (LTV) ratio to 75 percent (from 60 percent) which levelled the playing field for the NBFCs vis-a-vis the commercial banks. However, growth did not follow immediately due to decline in gold prices and because competition was biting into the market share of gold loan NBFCs. Moreover, gold loan NBFCs carried stressed assets from previous quarters due to the gold price decline, which led to higher auction of pledged ornaments.

Beginning with the second quarter of the year, there was a marked turnaround with gold loan NBFCs getting back on the growth track. They were helped by the fact that continuing volatility in gold prices had dampened the enthusiasm for gold loans among banks who were now less aggressive than in the past. At the same time, faced with the challenge to regain ground lost to the banks over two years, NBFCs felt a need to offer interest rates closer to what banks were charging. Muthoot

**A 2013 study on gold loans by the Centre for Microfinance (affiliated to IFMR, Chennai) reveals that the choice of a gold loan provider is influenced mainly by availability in the immediate neighbourhood rather than factors like rate of interest, LTV ratio etc.**

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

Finance, for instance, offered its “Advantage Gold Loan” with interest rate beginning from 18 percent for a relatively high LTV scheme. Towards the end of the year, Manappuram Finance launched its SY scheme offering gold loans at interest rates starting as low as 12 percent. Moreover, there were focussed efforts to woo back lost customers, who were often contacted personally.

These efforts appear to have paid off and the sector has seen visible growth over the past three quarters. There is now an expectation that the industry will be able to maintain moderate rates of growth in the current FY 2015-16 too, although a return to the peak asset levels of FY 2011-12 is still some way off.

The experience of going through a phase of downturn has not been without blessings. In general, gold loan companies have made their businesses more resilient gold price volatility. This has been achieved by following tighter risk management practices. Interest collection is being given more focused attention and a system of regular, periodical collection of interest has been introduced across the industry.

### Structural versus cyclical growth drivers for gold loans

#### Structural growth drivers:

The following may be considered among the structural growth drivers:

- ✱ India has the world’s largest stock of privately held gold estimated at about 22,000 tonnes. Importantly, about 65 percent of the total stock is held by rural India. In the absence of financial inclusion, for many Indians gold is the preferred outlet for savings.
- ✱ Traditionally gold has been a valued commodity, used for making jewellery, coins, and other articles. When held in this form it does not serve any productive purpose.
- ✱ Gold being a highly liquid asset, people have been leveraging it for meeting liquidity needs. However, for a very long time, this activity was overwhelmingly carried out by the unorganised sector (local moneylenders and pawnbrokers) who lacked transparency in their dealings to the detriment of the customer’s interests. In recent years, the organised sector (NBFCs and Banks) have entered the business in a big way and brought about a transformation in the way the business is carried on. However, even today, the larger share of the business continues to be with the unorganised sector and, moreover, the bulk of private gold is not monetised.

- ✱ There are efficiency gains that result when people are given access to credit speedily and with minimum hassle. Transactions can be put through, and deals closed, with the ready availability of funds from a gold loan.
- ✱ With increasing prosperity, tolerance for delays and procedural hassles goes down. Time is money, and this is more acutely realised when incomes rise because people are less inclined to wait in queues or be put to unnecessary hassles. They want things done in a jiffy. A hassle free gold loan from an NBFC offers compelling value in these circumstances.
- ✱ Gold loans are typically small ticket loans taken for short durations. Due to the institutional lenders’ investment in technology and modern management techniques, they are now a source of convenient and instant credit.
- ✱ A 2013 study on gold loans by the Centre for Microfinance (affiliated to IFMR, Chennai) reveals that the choice of a gold loan provider is influenced mainly by availability in the immediate neighbourhood rather than factors like rate of interest, LTV ratio etc. Given that gold loan NBFCs have greater reach compared to banks, it places them at a competitive advantage.

#### Cyclical factor

- ✱ Internationally, the price of gold has enjoyed a decade long bull run with sustained increases in price till 2012. This aided the growth of the gold loan business in India in two ways. On the one hand, customers could be offered increasingly higher loan amounts on their existing jewellery. On the other hand, it benefited lenders by containing the price risk in the event of default.

#### Low penetration a key enabler of growth

A report by ICICI Securities in January 2014 notes, “Penetration levels for all players combined (banks and NBFCs) remains low at about 23.4 percent of the potential gold-loan market in India. Accordingly, we do not see a problem with either competitive clutter or with opportunity headroom. Also, remember that our estimate of the opportunity is based on assumption that only 15 percent of the domestic gold stock is potentially up for collateralisation. With 70 percent of India’s gold in rural locations with limited banking facilities, the opportunity size may well be bigger.”

# Management Discussion and Analysis Report

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

## 5. OPPORTUNITIES

- a. **Untapped potential:** The core business of the Company, of providing gold loans, continues to offer good growth potential. The World Gold Council (WGC) estimates privately held gold to be anywhere between 18,000 to 20,000 tonnes in India. The gold loans business model aims essentially to impart liquidity to this stock which is still largely untapped.
- b. **Level playing field:** With the RBI now prescribing a uniform cap on LTV of 75 percent for both banks and NBFCs, there is a level playing field which benefits NBFCs. Further, the volatility exhibited by gold price over the last two years has visibly dampened the enthusiasm for the gold loan business among banks which translates into a less aggressive stance in the market.
- c. **Comparison with microfinance:** The average time to receive a gold loan from an NBFC can be measured in minutes/ hours, while a loan from an MFI or SHG takes weeks to get processed. The repayment schedule of MFI/ SHG is either weekly or monthly, whereas the repayment schedules for gold loans are extremely flexible. While gold loans can be used for any purpose, 70 percent of MFI loans have to be used for income generating activities, as per the Micro Finance Institutions (Development and Regulation) Bill, 2011. These consumer friendly features of the gold loan market distinguish it from other sources of credit, thus making gold loan products popular and reliable.
- d. **Continuing opportunities in the unorganised sector:** A study conducted in 2013 by the Centre for Microfinance (affiliated to IFMR, Chennai) reveals that proximity to home is the most widely cited reason for choosing a given type of financial institution when availing gold loan. This implies that people prefer convenience over other factors and also reflects the fact that transaction cost plays an important role in the financial behaviour of a client. While 45 percent of informal clients cited 'proximity to home' as the leading factor for their decision, only 25 percent of formal client cite this factor. This implies that in spite of widespread financial services of the formal sector, the informal sector outnumbers the formal sector.

The study also made an interesting observation that clients who consider interest rate and loan to value ratio as the primary factors for choosing a particular type of institution mostly opt for the formal sector. While it is common known fact that interest rate for formal institutions is lower and follow RBI guidelines, it was also observed that clients are finding higher loan to value ratio with formal

institutions rather than the informal players. It reflects the changing trend among informal gold loan players as they become increasingly risk averse and therefore less eager to compete on LTV.

- e. **Expected gains from technology innovations:** The Company is in the process of rolling out an advanced Automatic Intrusion Alert Management System (AIAMS). This is a state-of-the-art centralised surveillance system to reinforce the security of the gold stored at its branches. The system works through sensors located at the branches that are designed to detect attempts at intrusion and deter burglars from targeting the Company's branches.

Apart from deterring burglary and other security mishaps, AIAMS has the potential to replace many of the night guards. It is estimated that the number of security guards employed by the Company can be reduced substantially, translating into significant cost savings over the coming years. Since its launch in November 2014, the Company has already covered over 1000 branches and within the next few months, AIAMS will be implemented at all Manappuram branches in India.

## 6. THREATS

- a) **Volatility in gold prices**

As mentioned earlier, gold price is expected to remain subdued during the year. The fall in the international markets was not fully reflected in the India as there is an import duty amounting to 10 percent applicable in India. An assessment of the threat posed by a scenario of falling gold prices is given below.

**Defaults and auction realisation:** A declining trend in gold prices can increase defaults as instances of loan outstanding exceeding the value of pledged security rise. Moreover, realising the value of pledged gold of an account in default takes time and the lender is vulnerable to price risk over this period.

In this context, the Company has introduced certain new measures to strengthen its collection mechanism. Borrowers are now encouraged to pay the accrued interest periodically, preferably on a monthly basis. Hitherto, the practice in gold loans was to make bullet repayments of both interest and principal. Also, the Company has introduced loans of shorter tenure, of three, six and nine months, in addition to the standard one year. Earlier, all gold loans were sanctioned for tenure of 1 year which often delayed recognition of default and initiation of recovery procedures.

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

**Impact on business volumes:** The gold loans business is not generally dependent on the price of gold. After all, people borrow only because they have needs and these needs are always independent of the current price of the gold in their possession. At the same time, in a scenario of rising gold prices, gold loans tend to do well because it would compare favourably with other loans. When prices fall, the eligible loan amount falls proportionately, and gold loans may become somewhat less attractive as borrowers may resist having to settle for a lesser loan amount than before. Consequently, the Company may see lower growth in a phase of subdued gold price.

**b) Change in periodicity of interest collection**

Till recently, bullet repayment (of both principal and interest) was the norm for gold loan NBFCs and gold loans found favour for its flexibility. Consequent to the recent softening of gold prices, NBFCs are now calling on customers to periodically remit the interest due, preferably on a monthly basis. It detracts from the flexibility that was the point of attraction with gold loans earlier and to that extent may be seen as cumbersome.

**c) Hostility to gold among policy makers**

With an increase in the import duty of gold to 10 percent and further restrictions levied by the government on the purchase of gold, gold is increasingly becoming unaffordable for the low-income households. Keeping in view the challenge of financial inclusion, discouraging purchase of gold makes the base of population pyramid even more vulnerable to shocks since gold serves as a medium of financial security for low-income households. While the government aims to bring all households under the ambit of the formal financial sector, it should keep in mind that achieving this would take some time, and gold loans would continue to be important during the transition.

Further, gold is a highly liquid asset and people prefer obtaining gold loans during an emergency situation. However, restrictions on the purchase of gold imply decrease in the demand for gold, leading to a decrease in gold loans. In the absence of alternative financial products, this leaves low-income households with few credit options.

**d) Gold as inflation hedge weakens emotional connect**

The Indian economy is passing through a high-inflation phase that began around 2006 and has persisted till now. Interest rates on deposits in the banking sector have fallen well behind the inflation rates. Consequently, savers in the economy have been diverting funds away from bank deposits to other assets like real estate, gold etc. Thanks

to the prolonged bull run in prices, gold had become an attractive inflation hedge and a lot of people bought gold, not for the traditional reasons, but merely as a protection for savings against inflation. It is likely that when such gold is pledged, borrowers would lack the "emotional connect" and, to that extent, defaults during price corrections will be higher.

## 7. RISKS AND CONCERNS

The Company has put in place a mechanism to minimise operational risks through effective control systems which call for constant review and an ongoing internal audit. Our risk management framework aims to identify the diverse risks faced by the Company and come up appropriate mitigation strategies. Our Internal Audit Team, which reports directly to the Audit Committee of the Board, undertakes a comprehensive audit of functional areas and operations at all the branches. The Company has also set up an off-site surveillance system to make its internal control systems more risk-proof. Managing the risks arising in credit, interest rates and liquidity form critical components of our risk management system. The Company has in place rigorous norms for credit disbursal through the Lending Policy Framework. An asset-liability management model has been developed to measure and manage interest rate and liquidity risks and these are discussed and reviewed periodically at appropriate forums within the Company.

## 8. CAUTIONARY STATEMENT

Statements in this report pertaining to the Company's objectives, projections, estimates, exceptions and predictions are forward-looking statements subject to the applicable laws and regulations. These statements may be subject to certain risks and uncertainties. The Company's operations are affected by many external and internal factors which are beyond the control of the management. Therefore, the actual position may differ from those expressed or implied. The Company assumes no obligation to amend or update forward looking statements in future on the basis of new information, subsequent developments or otherwise.

For and On Behalf of the Board of Directors of  
Manappuram Finance Limited

Sd/-

**Jagdish Capoor**  
Chairman

Place: Valapad  
Date: May 14, 2015

# Report on Corporate Governance

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

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

The Company has complied with all mandatory requirements of corporate governance as detailed in the Clause 49 of the listing agreement and some of the non-mandatory requirements, details whereof are given in the following paragraphs. The Company has also complied the Corporate Governance & Disclosure norms for NBFCs issued by Reserve Bank of India vide Revised Regulatory Framework.

## BOARD OF DIRECTORS

### A. Composition of the Board

The Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. There are eleven directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in Clause 49 of the Listing Agreement and Companies Act, 2013. This composition also fulfills the norms prescribed by Reserve Bank of India in this regard. Out of the eleven directors, two are Executive Directors, one Non Executive Director, two nominee director and six independent directors. Out of Six Independent Directors, One Independent Director is a Woman Director.

### B. Meetings & Attendance

During FY 2014-15, the Board met on seven occasions viz. 15-05-2014, 25-07-2014, 23-09-2014, 30-10-2014, 23-12-2014, 03-02-2015 and 17-03-2015. The details of participation in the meetings and other relevant information are given in the below statement.

| Name & Category of Director      | Category of Directors   | No. of Board Meetings attended | Whether attended the last AGM | Details of membership in Committees of the Board*                                                      | Share Holding of Non-Executive Directors | Directorships in other Public Limited Companies |
|----------------------------------|-------------------------|--------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|
| 1. Mr.Jagdish Capoor<br>Chairman | Independent Director    | 6                              | No                            | Nomination, Compensation & Corporate Governance Committee                                              | 2,000                                    | 12                                              |
| 2. Mr.V.P Nandakumar             | Managing Director & CEO | 7                              | Yes                           | CSR Committee & Risk Management Committee                                                              | Not Applicable                           | 8                                               |
| 3. Mr.B.N.Raveendra Babu         | Executive Director      | 7                              | Yes                           | -                                                                                                      | Not Applicable                           | NIL                                             |
| 4. Mr.I.Unnikrishnan**           | Non-Executive Director  | 6                              | Yes                           | Risk Management Committee                                                                              | 1,676,828                                | 2                                               |
| 5. Adv.V.R.Ramachandran          | Independent Director    | 7                              | Yes                           | Stakeholder's Relationship Committee & CSR Committee                                                   | 1,538,000                                | NIL                                             |
| 6. Mr.P. Manomohan               | Independent Director    | 7                              | Yes                           | Audit Committee, Stakeholder's Relationship Committee & Risk Management Committee                      | 1,043,582                                | NIL                                             |
| 7. Dr.V.M.Manoharan ***          | Independent Director    | 2                              | Yes                           | Stakeholder's Relationship Committee                                                                   | 875,000                                  | NIL                                             |
| 8. Mr.Shailesh. J. Mehta         | Independent Director    | 5                              | Yes                           | Audit Committee, Nomination, Compensation & Corporate Governance Committee & Risk Management Committee | 500,000                                  | 7                                               |

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

| Name & Category of Director | Category of Directors | No. of Board Meetings attended | Whether attended the last AGM | Details of membership in Committees of the Board*                                                                                                          | Share Holding of Non-Executive Directors | Directorships in other Public Limited Companies |
|-----------------------------|-----------------------|--------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|
| 9. Mr. E. A. Kshirsagar     | Nominee Director      | 5                              | Yes                           | Audit Committee, Nomination, Compensation & Corporate Governance Committee and Risk Management Committee                                                   | NIL                                      | 8                                               |
| 10. Mr.V.R. Rajiven         | Independent Director  | 7                              | Yes                           | Audit Committee, Nomination, Compensation & Corporate Governance Committee, CSR Committee, Risk Management Committee & Stakeholders Relationship Committee | 2,500                                    | NIL                                             |
| 11. Mr.Pradeep Saxena       | Nominee Director      | 7                              | Yes                           | -                                                                                                                                                          | -                                        | 1                                               |
| 12. Dr.Amla Samanta****     | Independent Director  | 1                              | No                            | -                                                                                                                                                          | -                                        | 3                                               |

\*Membership of Audit Committee, Nomination Compensation and Corporate Governance Committee, Stakeholder's Relationship Committee, CSR Committee and Risk Management Committee only are shown.

\*\* Mr. I Unnikrishnan re-designated as Non-Executive Director w.e.f. December 1, 2014.

\*\*\*Currently not a Board Member.

\*\*\*\*Dr. Amla Samanta was appointed as an Additional Director on March 17, 2015.

### C. Change in the Board of Directors during FY 2014-15

Mr. Pradeep Saxena joined the Board as a Nominee director in the meeting held on May 15, 2014 and confirmed as Director in the Annual General Meeting held on July 31, 2014.

Dr. V.M.Manoharan resigned from the Board of Directors in the meeting held on July 25, 2014.

Dr. Amla Samanta joined the Board as a Women Director in the meeting held on March 17, 2015.

### D. Information provided to the Board Members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including

information as mentioned in Annexure 1 A to Clause 49 of the Listing Agreement are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also reviews periodical compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

### COMMITTEES OF THE BOARD

The Board has constituted sub-committees of the Board. Each Committee of the Board functions according to the terms of reference as approved by the Board. Meeting of each sub-committee is convened by the respective Committee Chairman. The composition and terms of reference of these sub-committees including the number of meetings held during the financial year and the related attendance are given below:

# Report on Corporate Governance

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

## a. Audit Committee

### Composition:

The Company has constituted a qualified and independent Audit Committee as required under Section 177 of the Companies Act, 2013, and in fulfilment of the requirements of clause 49 of the Listing Agreement. The Committee also fulfils the guidelines issued by the Reserve Bank of India in this regard.

The Committee has four members eminently qualified to handle accounts, finance, audit and legal matters. The Company

Secretary acts as the Secretary of the Audit Committee. The terms of reference of the Committee was modified by the board on July 25, 2014 to cover the requirement of the Companies Act, 2013 and amended Listing Agreement as detailed below:

The Audit Committee met six times during FY 2014-15 viz. 14-05-2014, 07-07-2014, 25-07-2014, 29-10-2014, 02-02-2015 and 16-03-2015. The constitution, record of attendance of meetings and other details of the Audit Committee of the Company are below:

### Meetings and Attendance:

| Name of the Member      | Position | Category of Directors | No. of meetings attended |
|-------------------------|----------|-----------------------|--------------------------|
| 1. Mr. P.Manomohanan    | Chairman | Independent Director  | 6                        |
| 2. Dr. Shailesh J Mehta | Member   | Independent Director  | 4                        |
| 3. Mr. E.A. Kshirsagar  | Member   | Nominee Director      | 5                        |
| 4. Mr. V.R.Rajiven      | Member   | Independent Director  | 6                        |

### Terms of Reference:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Directors Responsibility Statement to be included in the board's report in terms of clause(C) of Sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes if any in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustment made in the financial statement arising out of audit findings.
  - Compliance with listing and other legal requirements relating to the financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 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;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
- Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors regarding any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected

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

- fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
  18. To review the function of whistle blower mechanism in case the same exists.
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Monitoring the end use of funds raised through public offers and related matters.
21. Carrying out any other function as mentioned in the terms of reference of audit committee.

#### **b. Nomination, Compensation & Corporate Governance Committee**

The Nomination, Compensation and Corporate Governance Committee of the Company was constituted to oversee the Compliance with the Reserve Bank of India's Circular No. DNBS/PD/CC/94/03.10.042/2006-07 dated May 08, 2007 to ensure that eminent and experienced persons are appointed as directors. The Committee was reconstituted on December 23, 2014. The Committee also meets the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### **Composition, Meeting & Attendance:**

| Name of the Member      | Position | Category of Directors   | No. of meetings attended |
|-------------------------|----------|-------------------------|--------------------------|
| 1. Mr. Shailesh J Mehta | Chairman | Independent Director    | 2                        |
| 2. Mr. Jagdish Capoor   | Member   | Independent Director    | 3                        |
| 3. Mr. E.A. Kshirsagar  | Member   | Nominee Director        | 1                        |
| 4. Mr. V.R.Rajiven      | Member   | Independent Director    | 3                        |
| 5. Mr. V.P.Nandakumar*  | Member   | Managing Director & CEO | 1                        |

\*Mr. V.P.Nandakumar resigned from the committee w.e.f. 23.12.2014

#### **Terms of reference:**

The committee discharges its roles and responsibilities in the following manner.

positions as defined by the board and recommend to the board for their appointment and removal thereof.

#### **I. Role of Nomination**

- a) The Committee shall put in place a broader policy describing the qualification, experience and other positive attributes for selection of Executive/whole time directors including their age of retirement.
- b) The committee shall formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the Company's board shall maintain from time to time and subject to the applicable regulatory requirements.
- c) Filling in a timely manner vacancies on the board of the Company including the position of executive/ whole time directors.
- d) Selection of directors, key management personnel and persons to be appointed in senior management

#### **II. Role of Fixing Remuneration and Evaluation of performance.**

- a. The committee shall formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time.
- b. The policy as aforesaid shall be formulated to ensure that-
  1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  3. remuneration to directors, key managerial personnel and senior management involves a balance

# Report on Corporate Governance

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

- between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- c. The committee shall review the performance of individual directors of the Company on a yearly basis at the end of each financial year or at such periodicity as the committee deem fit and recommend to the board on the basis of such review, whether a director to be recommended for re-appointment or not.
  - d. The committee shall review the performance of the Executive/Whole time Directors of the Company and fix suitable compensation packages in consideration of their performance, contributions, the general business environment in which the Company operates and financial position of the Company. The remuneration package may be a combination of fixed and performance based bonus/incentives for the period under review. The list of such Directors are provided in Schedule A
  - e. The committee shall along with the management review the performance of Key managerial personnel and senior management persons as provide in Schedule B & C on a periodical basis and fix their remuneration packages in accordance with the policies approved by the Board. The period of gap between two such reviews shall not elapse fifteen months.

### III. Role on ensuring Compliance on governance standards.

- a. The committee shall ensure that at all times, the board of the Company has a fair combination of independent, nonexecutive and executive directors meeting the governance standards set by the board and in compliance with regulatory requirements, listing agreements .etc. prevailing from time to time.
- b. Ensure that the organisation structure and flow of command meets the governance standard set for the internal management of the Company.
- c. The committee may evaluate and put in place proper mechanism for refreshment trainings for directors on relevant subject.
- d. The committee shall evaluate and put in place a proper mechanism to ensure that the independence of independent directors are always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the Company.

- e. The committee shall put in place subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other directors on the board of the Company.
- f. Committee shall ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the Company.
- g. The committee shall oversee the overall governance standards and policies of the Company and delegation of authorities to match with the best practices in relation to the size of the Company and the level of its operations to protect the interest of all stake holders.

### IV. Other Powers.

In addition to what is stated above, the Committee shall discharge such other functions as may be delegated to it by the Board or prescribed under any law, rules, regulations or orders or directions of any statutory or regulatory body including Stock exchanges where the securities of the Company are listed.

## SCHEDULES REFERRED TO IN THE TERMS OF REFERENCE

### Executive Directors and Key Managerial personnel Schedule A- Executive Directors

Under the Present Management Structure the following are the positions of Executive Directors

1. Managing Director and Chief Executive Officer,
2. Executive Director & Dy. Chief Executive Officer
3. Executive Director

### Schedule-B- Key Managerial personnel

Section - 2(51) of the Companies Act, 2013 defines the key managerial personnel in relation to a company as follows:

- i. The Chief Executive Officer or the Managing Director or the manager,
- ii. The Company Secretary
- iii. The Whole Time Director
- iv. The Chief Financial Officer, and
- v. Such other officer as may be prescribed.

In relation to the company, key managerial personnel includes the following positions in addition to the Executive Directors mentioned in Schedule A-above.

- i. Chief Financial Officer
- ii. Company Secretary

### Schedule -C- Senior Management personnel

For the purpose of Nomination and Remuneration Committee, Section 178 of the Act defines Senior Management as follows;

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

Senior management for the purpose of this section means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

As per the above definition and the present organization structure, the following positions in the company shall be of senior management other than the key management personnel for the purpose of the committee

- i. Executive vice President,
- ii. Chief General Manager
- iii. Senior General Managers
- iv. Sr. Vice presidents
- v. General Managers and Vice presidents who are functional heads and reporting Directly to Executive Directors.

#### Criteria for Remunerating Directors:

Board of Directors at their meeting held on February 3, 2015 has approved the Remuneration Policy of the Company including the criteria for performance evaluation of Directors as per the requirement of Companies Act, 2013 read in line with Listing Agreement. Decisions relating to the remuneration of Non-Executive Directors, Executive Directors and Independent Directors are taken by the

Board of Directors of the Company based on the recommendation of the Nomination committee. Independent/Non-Executive directors were paid sitting fees of ₹ 40,000/- per meeting. Each year, the Board determines the amount of commission to be paid to directors based on the recommendation of the Nomination, Compensation and Corporate Governance Committee of the Board. The amount of commission payable is based on their contribution to the growth and development of the Company in line with the criteria drawn by the Board of Directors.

#### c. Stakeholders Relationship Committee

The Company has reconstituted Stakeholders Relationship Committee to monitor investor complaints/grievances pertaining to non-receipt of share certificate, dividend, Annual Report etc. The committee also reviews and monitors the complaints of listed debenture holders. The Committee shoulders the responsibility for expeditious settlement on investor complaints and reporting the same to the Board periodically.

During the period under review the Company had received 7 complaints from investors. All complaints received up to the date of this report have been settled.

#### Composition, Meeting & Attendance:

The Committee has met 4 times during the year as detailed below:

| Name of the Member       | Position | Category of Directors | No. of meetings attended |
|--------------------------|----------|-----------------------|--------------------------|
| 1. Adv. V.R.Ramachandran | Chairman | Independent Director  | 4                        |
| 2. Mr. P.Manomohanan     | Member   | Independent Director  | 4                        |
| 3. Mr. V.R.Rajiven*      | Member   | Independent Director  | 2                        |
| 4. Dr. V.M.Manoharan**   | Member   | Independent Director  | 2                        |

\* Mr. V.R.Rajiven appointed as member on October 30, 2014)

\*\* Dr. V.M.Manoharan resigned from the committee on July 25, 2014

#### Details of unclaimed shares lying with the Company

As on 12-05-2015, 599740 share certificates are returned as unclaimed and lying with the Company.

#### Prevention of Insider Trading Code

Board of Directors at their meeting held on May 14, 2015 has approved the Code of Conduct for Insider Trading and Code for fair disclosure for unpublished price sensitive information w.e.f. May 15, 2015 drawn in line with SEBI (Prohibition of Insider Trading) Regulations 2015. The Compliance Officer and

Company Secretary is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.

#### d. CSR Committee

The Company has constituted CSR Committee which have substantial roles and responsibilities in respect of projects to be recommended to the board and also for the monitoring of the CSR projects, reporting.

# Report on Corporate Governance

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

## Composition, Meeting & Attendance:

**The Committee has met 2 times during the year as detailed below:**

| Name of the Member       | Position | Category of Directors   | No. of meetings attended |
|--------------------------|----------|-------------------------|--------------------------|
| 1. Mr. V.R. Rajiven      | Chairman | Independent Director    | 2                        |
| 2. Mr. V.P. Nandakumar   | Member   | Managing Director & CEO | 2                        |
| 3. Adv. V.R.Ramachandran | Member   | Independent Director    | 2                        |

## e. Risk management Committee

The Company has constituted a Risk Management Committee to review on an ongoing basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in various areas of the Company's functioning. The Committee is chaired by an independent director with five other directors as members.

## Composition, Meeting & Attendance:

**The Committee has met 2 times during the year as detailed below:**

| Name of the Member      | Position | Category of Directors   | No. of meetings attended |
|-------------------------|----------|-------------------------|--------------------------|
| 1. Mr. P. Manomohanan   | Chairman | Independent Director    | 2                        |
| 2. Mr. V.P. Nandakumar  | Member   | Managing Director & CEO | 2                        |
| 3. Mr. I. Unnikrishnan  | Member   | Non-Executive Director  | 1                        |
| 4. Mr. Shailesh J Mehta | Member   | Independent Director    | 0                        |
| 5. Mr. V.R.Rajiven      | Member   | Independent Director    | 2                        |
| 6. Mr. E.A.Kshirsagar   | Member   | Nominee Director        | 2                        |

The Committee deliberates on the various aspects of risk related to its business. In relation to its business of gold loans, such risks may include appraisal risk, custodial risk, competition risk, price fluctuation risk etc. In relation to its vehicle loan segment, these would include sourcing risk, borrower risk, product risk, interest rate risk, market risk, asset liability management risk etc.

## f. Securities Transfer Committee

The Company has constituted Securities Transfer committee to approve /authenticate security transfer requisitions submitted by the RTA in respect of listed securities and the transfer requisitions submitted to the Company, in respect of unlisted securities.

## Details of Remuneration paid to Directors during FY 2014-15

(Amount in ₹)

| Sl No | Name of Director        | Sitting Fees  |                    |  | Salaries and other allowances | Commission  | Total       |
|-------|-------------------------|---------------|--------------------|--|-------------------------------|-------------|-------------|
|       |                         | Board Meeting | Committee Meetings |  |                               |             |             |
| 1     | Mr. Jagdish Capoor      | 2,20,000      | 90,000             |  | Nil                           | 30,00,000   | 33,10,000   |
| 2     | Mr. V. P Nandakumar     | -             | -                  |  | 3,39,42,150                   | 1,50,00,000 | 4,89,42,150 |
| 3     | Mr. I. Unnikrishnan     | 80,000        | -                  |  | 73,63,128                     | 30,00,000   | 1,04,43,128 |
| 4     | Mr. B.N. Raveendra Babu | -             | -                  |  | 88,30,200                     | 32,00,000   | 1,20,30,200 |
| 5     | Adv. V.R. Ramachandran  | 2,60,000      | 85,000             |  | Nil                           | 12,00,000   | 15,45,000   |
| 6     | Mr. E.A. Kshirsagar     | Nil           | Nil                |  | Nil                           | Nil         | Nil         |
| 7     | Mr. P.Manomohanan       | 2,60,000      | 3,05,000           |  | Nil                           | 18,00,000   | 23,65,000   |
| 8     | Dr. V.M.Manoharan*      | 60,000        | 25,000             |  | Nil                           | Nil         | 85,000      |
| 9     | Mr. Shailesh J Mehta    | 1,80,000      | 1,90,000           |  | Nil                           | 30,00,000   | 33,70,000   |
| 10    | Mr. Rajiven V R         | 2,60,000      | 4,00,000           |  | Nil                           | 15,00,000   | 21,60,000   |
| 11    | Dr. Amla Samanta        | 40,000        | Nil                |  | Nil                           | Nil         | 40,000      |
| 12    | Mr. Pradeep Saxena      | Nil           | Nil                |  | Nil                           | Nil         | Nil         |

\* Dr. V.M. Manoharan resigned from the Board of Directors with effect from 25.07.2014

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

**GENERAL BODY MEETINGS****Details of the last three Annual General Meetings of the Company are given below:**

| Year | Date      | Time and Place                                  | Details of Special Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------|-----------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2014 | July 31   | 10.30.a.m Anugraha Auditorium Valapad, Thrissur | <ol style="list-style-type: none"> <li>1. Appointment of Mr. Jagdish Capoor as an independent director for a period of five years.</li> <li>2. Appointment of Adv. V.R.Ramachandran as an independent director for a period of five years.</li> <li>3. Appointment of Mr. Shailesh J Mehta as an independent director for a Period of five years.</li> <li>4. Appointment of Mr. P.Manomohan as an independent director for a Period of five years.</li> <li>5. Appointment of Mr. V.R.Rajiven as an independent director for a Period of five years.</li> <li>6. Appointment of Mr. Pradeep Saxena as a director of the Company.</li> <li>7. To approve Related Party Transactions- Payment of donation to Manappuram Foundation.</li> <li>8. To approve Related Party Transactions- Contracts or arrangements for Leasing of land and buildings.</li> <li>9. To approve Related Party Transactions- Contracts or arrangements With wholly owned subsidiary company Milestone Home Finance Company Private Ltd.</li> <li>10. Raising of fund through Private Placement of Redeemable Non Convertible Debentures (NCD).</li> </ol> |
| 2013 | August 10 | 10.30.a.m Anugraha Auditorium Valapad, Thrissur | <ol style="list-style-type: none"> <li>1. Retirement by rotation of Mr. Shailesh J Mehta</li> <li>2. Retirement by rotation of Dr. V.M. Manoharan</li> <li>3. Retirement by rotation of Mr. P. Manomohan</li> <li>4. Appointment of Mr. V.R.Rajiven as a director of the Company</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2012 | August 2  | 10.30.a.m Anugraha Auditorium Valapad, Thrissur | <ol style="list-style-type: none"> <li>1. Appointment of Mr.Sudhindar Krishan Khanna as a director of the Company.</li> <li>2. Appointment of Mr. E A Kshirsagar as a director of company.</li> <li>3. Amendment of Articles of Association</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Details of Special Resolutions passed in previous 3 AGMs**

| Year                                    | 2012                                    | 2013                                                             | 2014                                                            |
|-----------------------------------------|-----------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|
| Special Resolutions Passed during AGMs. | For Amendment of Article of Association | For appointment of Mr. V.R. Rajiven as a Director of the Company | Appointment of Mr. Pradeep Saxena as a Director of the Company. |

**Extraordinary General Meeting held during the financial year****Details are given below:-**

| Year | Date | Time and Place | Details of Special Business |
|------|------|----------------|-----------------------------|
| Nil  | Nil  | Nil            | Nil                         |

**Postal Ballot held during the Financial Year****Details are given below**

| Year | Date               | Details of Special Business                                                                                                                                                                                                                                                                                                                                                      |
|------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2014 | September 12, 2014 | <ol style="list-style-type: none"> <li>1. Approval to create charge /mortgage over the properties of the company for the purpose of borrowing in terms of section 180 (1) (a ) of the companies Act 2013.</li> <li>2. Approval to borrow in excess of the paid up share capital and free reserve of the company under section 180 (1) (c ) of the companies Act 2013.</li> </ol> |

# Report on Corporate Governance

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

## DISCLOSURES

i. There were no materially significant related party transactions having potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Schedule 24 (notes forming part of accounts).

ii. The Company has complied with all the directives issued by stock exchanges and other statutory authorities. No penalties and strictures were imposed on the Company by any of the regulatory authorities, viz; the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non-compliance with any laws, guidelines and directives during the year.

### iii. Whistle Blower Policy:

In terms of Clause 49 of the Listing Agreement, a listed company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Though the Company is in the process of putting in place an effective Whistle Blower Policy in line with best practices it is hereby confirmed that no personnel has been denied access to the Audit committee.

The Company has adopted a whistle blower policy in line with the requirement of Companies Act, 2013 and Listing Agreement. The same was duly posted on the website of the Company. As per the policy all the Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company. Chairman of the audit committee at its meeting dated March 16, 2015 informed that he has not received any disclosure after its formulation and publication.

## MEANS OF COMMUNICATION

The Company publishes the un-audited / audited financial results on quarterly basis as required under clause 41 of the listing agreement. The financial results in the prescribed format are published in leading newspapers including Economic Times, Business Line, Business Standard, Malayala Manorama, Mathrubhumi etc. Other major announcements pertaining to Book Closure, Board Meetings etc. are also published as above. The Company has its web site at [www.manappuram.com](http://www.manappuram.com) wherein relevant information about the Company and its performance are given. The financial results of the Company are also posted on the web site. Detailed presentations on overall performance of the Company is also posted in its website on a quarterly basis for the benefit of investors and other stake holders.

## CODE OF CONDUCT

As per the amended clause 49 of the Listing Agreement, the Company has framed a Code of Conduct for the directors and senior management personnel and the same was uploaded on to the website of the Company and is accessible to the shareholders of the Company.

The requisite Certificate from CEO and the Chief Financial Officer as per clause 49 of the Listing agreement was taken note of by the Board of Directors at its meeting held on 14.05.2015 and provided in the annual report.

As required by clause 49 (1) (d) of Listing Agreement, it is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company. A declaration signed by the Company's MD & CEO is published in this report.

## FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard. The code is posted on the website of the Company.

## CEO/CFO CERTIFICATION

The requisite certification made by CEO/CFO as per the format given in the clause 49 of the listing agreement for FY 2014-15 was taken note by the Board at its meeting held on May 14, 2015

## GENERAL SHAREHOLDER INFORMATION

|                                     |              |                                                                                                                                                                                                                                                    |
|-------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual General Meeting              | <b>Date</b>  | August 6, 2015                                                                                                                                                                                                                                     |
|                                     | <b>Time</b>  | 10.30 am                                                                                                                                                                                                                                           |
|                                     | <b>Place</b> | Anugraha Auditorium, Valapad PO-680 567 Thrissur District                                                                                                                                                                                          |
| Financial Year                      |              | 2014-15                                                                                                                                                                                                                                            |
| Cut off date for e-voting           |              | July 31, 2015                                                                                                                                                                                                                                      |
| Dividend Payment Date               |              | NA                                                                                                                                                                                                                                                 |
| Listing on Stock Exchanges          |              | Bombay Stock Exchange, Madras Stock Exchange and National Stock Exchange                                                                                                                                                                           |
| Stock Code                          |              | BSE- 531213 –<br>NSE- MANAPPURAM                                                                                                                                                                                                                   |
| Registrar and Share Transfer Agents |              | M/s SKDC Consultants Limited<br>KANAPATHY TOWERS<br>3rd Floor, 1391/A-1, SATHY ROAD<br>Ganapathy PO, Coimbatore- 641 006<br>Ph: 0422 6549995, 0422 2539835<br>Email: <a href="mailto:info@skdc-consultants.com">info@skdc-consultants.com</a>      |
| Compliance Officer                  |              | Company Secretary<br>Ph: 0487-3050408<br>Email: <a href="mailto:cosecretary@manappuram.com">cosecretary@manappuram.com</a>                                                                                                                         |
| Company Address                     |              | Manappuram Finance Limited,<br>IV/470A (OLD) W 638A (NEW)<br>Manappuram House<br>Valapad PO, Thrissur-680 567 Kerala<br>Phone: 0487- 3050108, 3050000.<br>Fax 0487- 2399298<br>Email: <a href="mailto:mail@manappuram.com">mail@manappuram.com</a> |

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

**SHARE PRICE MOVEMENTS OF THE COMPANY [BSE] DURING EACH MONTH OF FY 2014-15**

| Month  | Open Price | High Price | Low Price | Close Price | No. of Shares | No. of Trades | Total Turnover (₹) | Deliverable Quantity | % Deli. Qty To Traded Qty | Spread High-Low | Spread Close-Open |
|--------|------------|------------|-----------|-------------|---------------|---------------|--------------------|----------------------|---------------------------|-----------------|-------------------|
| Apr-14 | 21.5       | 23.4       | 21.05     | 22.25       | 61,17,283     | 21,222        | 13,73,56,658       | 29,63,046            | 48.44                     | 2.35            | 0.75              |
| May-14 | 22.3       | 25.1       | 20.5      | 20.75       | 1,27,72,508   | 63,950        | 28,64,16,453       | 68,52,017            | 53.65                     | 4.6             | (1.55)            |
| Jun-14 | 21         | 25.1       | 20.65     | 23.5        | 2,06,20,690   | 64,606        | 48,19,94,796       | 79,84,366            | 38.72                     | 4.45            | 2.5               |
| Jul-14 | 23.6       | 25.1       | 20.9      | 22.35       | 2,14,85,677   | 51,381        | 50,30,83,623       | 1,28,47,298          | 59.79                     | 4.2             | (1.25)            |
| Aug-14 | 22.2       | 29.85      | 21.35     | 25.95       | 3,10,53,849   | 84,027        | 79,49,02,253       | 1,34,20,641          | 43.22                     | 8.5             | 3.75              |
| Sep-14 | 26.5       | 31.6       | 26.05     | 29.45       | 2,68,51,616   | 1,01,170      | 77,27,02,085       | 82,02,574            | 30.55                     | 5.55            | 2.95              |
| Oct-14 | 29.4       | 33.35      | 26.2      | 31.4        | 1,24,52,668   | 53,136        | 37,33,75,380       | 49,16,213            | 39.48                     | 7.15            | 2                 |
| Nov-14 | 31.45      | 38.75      | 30.85     | 36.75       | 1,33,19,123   | 68,573        | 46,42,13,207       | 46,18,899            | 34.68                     | 7.9             | 5.3               |
| Dec-14 | 37.65      | 38.45      | 29.1      | 34.1        | 50,89,177     | 41,870        | 17,10,43,013       | 18,55,192            | 36.45                     | 9.35            | (3.55)            |
| Jan-15 | 33.8       | 36.15      | 31.15     | 31.9        | 56,21,465     | 35,548        | 19,07,20,787       | 23,62,949            | 42.03                     | 5               | (1.9)             |
| Feb-15 | 32.5       | 36.45      | 32.5      | 34.7        | 97,05,616     | 57,366        | 33,70,96,805       | 43,20,963            | 44.52                     | 3.95            | 2.2               |
| Mar-15 | 35.3       | 35.9       | 31.35     | 32.35       | 32,57,228     | 25,467        | 11,08,95,220       | 14,93,676            | 45.86                     | 4.55            | (2.95)            |

**NSE:**

| Month  | Open  | High  | Date       | Low   | Date       | Close | Total Traded Quantity | Turnover in Lacs | No. of Trades | Deliverable Qty |
|--------|-------|-------|------------|-------|------------|-------|-----------------------|------------------|---------------|-----------------|
| Apr-14 | 21.35 | 23.40 | 22.04.2014 | 21.15 | 09.04.2014 | 22.25 | 30,437,697.00         | 6,797.88         | 76,709.00     | 1,52,87,301.00  |
| May-14 | 22.20 | 25.80 | 22.05.2014 | 20.70 | 19.05.2014 | 20.80 | 71,853,284.00         | 16,099.32        | 1,73,586.00   | 4,30,88,565.00  |
| Jun-14 | 20.70 | 25.10 | 17.06.2014 | 20.60 | 02.06.2014 | 23.55 | 92,485,416.00         | 21,595.64        | 2,06,713.00   | 4,35,82,442.00  |
| Jul-14 | 23.60 | 25.15 | 04.07.2014 | 21.00 | 14.07.2014 | 22.35 | 72,868,199.00         | 17,065.17        | 1,68,354.00   | 3,53,80,516.00  |
| Aug-14 | 22.00 | 29.85 | 22.08.2014 | 21.30 | 08.08.2014 | 25.95 | 1,21,199,938.00       | 31,588.89        | 2,43,894.00   | 4,59,43,558.00  |
| Sep-14 | 26.10 | 31.60 | 19.09.2014 | 26.10 | 01.09.2014 | 29.55 | 1,22,348,341.00       | 35,083.23        | 3,45,031.00   | 5,20,44,192.00  |
| Oct-14 | 29.40 | 33.40 | 31.10.2014 | 26.20 | 17.10.2014 | 31.50 | 52,805,545.00         | 15,805.54        | 1,66,772.00   | 2,51,78,603.00  |
| Nov-14 | 31.70 | 39.75 | 28.11.2014 | 30.05 | 01.11.2014 | 36.75 | 62,472,111.00         | 21,867.43        | 2,22,685.00   | 3,00,62,676.00  |
| Dec-14 | 37.90 | 38.40 | 01.12.2014 | 25.75 | 16.12.2014 | 34.10 | 39,514,004.00         | 13,319.57        | 1,70,127.00   | 2,28,14,598.00  |
| Jan-15 | 34.30 | 36.15 | 01.01.2015 | 31.10 | 30.01.2015 | 31.90 | 44,282,311.00         | 15,010.13        | 1,71,255.00   | 2,66,07,088.00  |
| Feb-15 | 32.45 | 36.40 | 16.02.2015 | 32.45 | 02.02.2015 | 34.85 | 47,435,360.00         | 16,489.56        | 1,73,418.00   | 23,84,638.00    |
| Mar-15 | 34.95 | 36.00 | 18.03.2015 | 31.35 | 27.03.2015 | 32.45 | 25,263,631.00         | 8,592.22         | 1,46,537.00   | 1,58,73,765.00  |

**COMMON AGENCY FOR PHYSICAL AND ELECTRONIC TRANSFER**

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of the Registrar and Transfer Agents of the Company SKDC Consultants Limited.

**Distribution of Share Holding as on March 31, 2015**

| Value (₹)          | No. of Share | %     | Amount         | %     |
|--------------------|--------------|-------|----------------|-------|
| Upto 5,000         | 52,158       | 90.73 | 3,93,38,258    | 2.34  |
| 5,001 - 10,000     | 2,324        | 4.04  | 1,75,82,138    | 1.05  |
| 10,001 - 20,000    | 1,172        | 2.04  | 1,77,19,612    | 1.05  |
| 20,001 - 30,000    | 367          | 0.64  | 92,08,734      | 0.55  |
| 30,001 - 40,000    | 495          | 0.86  | 1,88,08,964    | 1.12  |
| 40,001 - 50,000    | 155          | 0.27  | 71,07,956      | 0.42  |
| 50,001 - 1,00,000  | 423          | 0.74  | 3,12,42,818    | 1.86  |
| 1,00,001 and above | 393          | 0.68  | 1,54,14,05,792 | 91.62 |

# Report on Corporate Governance

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

## DEMATERIALISATION

The Company is a member of the depository services of the national depository services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. Shareholders can get their share dematerialised with either NSDL or CDSL.

Through SKDC Consultants Limited, Registrars and Share Transfer Agents, we have established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As a part of familiarization programme for directors, a handbook is circulated to all directors of the company which is the compilation of duties and responsibilities as a director as well as other relevant aspects. It can be accessed on the company's website at the link: [http://www.manappuram.com/files/Directors\\_Handbook.pdf](http://www.manappuram.com/files/Directors_Handbook.pdf)

## REMUNERATION OF DIRECTORS

There is no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company.

### Criteria of making payments to non-executive directors

While considering the level of commission payable to the independent or non-executive directors, the Nomination, Compensation & Corporate Governance Committee take into account various factors such as attendance, level of participation and contribution to the meetings and its decision making, continuity on the board, performance appraisal questionnaire, etc.

There is no relationship between Directors inter-se.

## INTERIM DIVIDEND

Your Board has declared four interim dividends for FY 2014-15 with an amount of 0.45 paise per equity share (face value ₹ 2.0 per share) in each quarter. The aggregate amount of ₹ 1.80/- per shares in FY 2014-15, amounts to 90 percent of the paid up value of the shares.

## PAYMENT OF UNCLAIMED OR UNPAID DIVIDEND

The Company has remitted all unclaimed and unpaid dividend up to FY 2006-07 to the Investor Education Protection Fund of Central Government. Dividends relating to subsequent financial years would be transferred to said account on the expiry of seven years after transfer of the same to unpaid dividend account.

## GDRS/ADRS/WARRANTS OR ANY OTHER CONVERTIBLE INSTRUMENTS

The Company does not have any GDRs/ADRs/Warrants or any other convertible instruments outstanding as on date.

## PAYMENT OF LISTING FEES

Annual listing fee for FY 2015-16 has been paid by the Company to BSE and NSE.

## PAYMENT OF DEPOSITORY FEES

Annual Custody/Issuer fee for FY 2015-16 has been paid by the Company to NSDL and CDSL.

## AFFIRMATION OF COMPLIANCE WITH THE CODE OF CONDUCT

The Board has laid down a code of conduct for all Board members and senior management of the Company. The Code of Conduct has suitably incorporated the duties of Independent Directors as laid down in the Companies Act, 2013. The code of conduct has been posted on the website of the Company. All Board members and senior management personnel has affirmed compliance with the code.

On Behalf of the Board

Sd/-

**V.P. Nandakumar**  
 Managing Director & CEO

Place: Valapad

Date: May 14, 2015

# Independent Auditor's Report

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

To  
The Members of  
**Manappuram Finance Limited**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Manappuram Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. 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 but not for the purpose of expressing

an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's report) Order, 2015 ("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.
- As required by section 143 (3) of the Act, we report that:
  - 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;
  - 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;
  - 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;
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act; and

# Independent Auditor's Report

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

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number:  
101049W

**per Bharath NS**

Partner

Place : Chennai

Date: May 14, 2015

Membership Number: 210934

## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Manappuram Finance Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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 is an adequate internal control system commensurate with the size of the Company and the nature of

its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- (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 clause 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to customs duty is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

- (c) According to the records of the Company, there are no dues outstanding of wealth tax, excise duty and cess on account of any dispute. The dues outstanding of service tax, income tax and sales-tax on account of a dispute are as follows:

| Name of the Statute              | Nature of dues | Period of dispute     | Amount due ₹ in mil                | Amount paid under protest ₹ in mil | Forum where it is pending                             |
|----------------------------------|----------------|-----------------------|------------------------------------|------------------------------------|-------------------------------------------------------|
| Finance Act, 1994                | Service Tax    | FY 2001-02 to 2007-08 | 2.99 (including penalty of 2.24)   | -                                  | Commissioner Central Excise and Service Tax (Appeals) |
| Kerala Value Added Tax Act, 2003 | VAT            | FY 2010-11            | 6.97 (including interest of 0.77)  | 2.07                               | Deputy Commissioner (Appeals)                         |
| Kerala Value Added Tax Act, 2003 | VAT            | FY 2011-12            | 14.37 (including interest of 1.28) | 5.75                               | Deputy Commissioner (Appeals)                         |
| AP Value Added Tax Act, 2005     | VAT            | FY 2011-12            | 5.60 (including penalty of 1.12)   | 2.80                               | Appellate Deputy Commissioner (CT)                    |
| Finance Act, 1994                | Service Tax    | FY 2004-05 to 2007-08 | 3.05                               | -                                  | Commissioner Central Excise and Service Tax (Appeals) |
| Finance Act, 1994                | Service Tax    | FY 2008-09            | 0.37 (including penalty of 0.19)   | -                                  | Commissioner Central Excise and Service Tax (Appeals) |
| Income Tax Act, 1961             | Income tax     | FY 2011-12            | 7.72                               |                                    | Commissioner of Income tax (Appeals)                  |

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) As more fully discussed in Note 47 to the financial statements and as informed by the management, we report that, during the year there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations / cash embezzlements have occurred for amounts aggregating ₹ 69.23 million of which the Company has recovered ₹ 8.87 million. The Company is in the process of recovering these amounts from the employees/Insurance companies and taking legal actions, where applicable. The Company has created provision aggregating ₹ 42.98 million in respect of these matters.

For S.R. Batliboi &amp; Associates LLP

Chartered Accountants

ICAI Firm Registration Number:  
101049W

per Bharath NS

Place : Chennai

Date: May 14, 2015

Partner

Membership Number: 210934

# Balance Sheet

as at March 31, 2015

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

|                                            | Note No. | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--------------------------------------------|----------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>              |          |                         |                         |
| <b>Shareholders' funds</b>                 |          |                         |                         |
| Share capital                              | 3        | 1,682.41                | 1,682.41                |
| Reserves and surplus                       | 4        | 24,591.29               | 23,235.32               |
|                                            |          | <b>26,273.70</b>        | <b>24,917.73</b>        |
| <b>Non-current liabilities</b>             |          |                         |                         |
| Long-term borrowings                       | 5        | 15,502.90               | 14,546.36               |
| Other long term liabilities                | 6        | 1,093.89                | 2,725.63                |
|                                            |          | <b>16,596.79</b>        | <b>17,271.99</b>        |
| <b>Current liabilities</b>                 |          |                         |                         |
| Short-term borrowings                      | 7        | 52,997.65               | 52,127.93               |
| Trade Payables                             | 8        | 242.14                  | 363.40                  |
| Other current liabilities                  | 8        | 16,734.58               | 12,707.74               |
| Short-term provisions                      | 9        | 476.94                  | 995.03                  |
|                                            |          | <b>70,451.31</b>        | <b>66,194.10</b>        |
| <b>TOTAL</b>                               |          | <b>113,321.80</b>       | <b>108,383.82</b>       |
| <b>ASSETS</b>                              |          |                         |                         |
| <b>Non-current assets</b>                  |          |                         |                         |
| Fixed assets                               |          |                         |                         |
| Tangible assets                            | 10A      | 1,671.14                | 1,911.21                |
| Intangible assets                          | 10B      | 43.23                   | 62.14                   |
| Capital work-in-progress                   |          | 8.81                    | 45.22                   |
| Non-current investments                    | 11A      | 1,676.42                | 213.59                  |
| Deferred tax assets (net)                  | 12       | 296.17                  | 288.97                  |
| Long-term loans and advances               | 13       | 858.25                  | 548.76                  |
| Other Non current assets                   | 14       | 1,312.26                | 1,364.22                |
|                                            |          | <b>5,866.28</b>         | <b>4,434.11</b>         |
| <b>Current assets</b>                      |          |                         |                         |
| Current investments                        | 11B      | 2,118.20                | 7,906.04                |
| Cash and bank balances                     | 15       | 6,826.05                | 8,332.57                |
| Short-term loans and advances              | 13       | 92,691.48               | 81,870.88               |
| Other current assets                       | 14       | 5,819.79                | 5,840.22                |
|                                            |          | <b>107,455.52</b>       | <b>103,949.71</b>       |
| <b>TOTAL</b>                               |          | <b>113,321.80</b>       | <b>108,383.82</b>       |
| 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 &amp; Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Bharath NS

Partner

Membership no.: 210934

Date : May 14, 2015

Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar

Managing Director &amp; CEO

Kapil Krishan

Chief Financial Officer

Date : May 14, 2015

Place: Valapad, Thrissur

B. N. Raveendra Babu

Executive Director

Ramesh Periasamy

Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2015

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

|                                                          | Notes | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------------------|-------|------------------------------|------------------------------|
| <b>INCOME</b>                                            |       |                              |                              |
| Revenue from operations                                  | 16    | 19,757.33                    | 21,004.28                    |
| Other income                                             | 17    | 52.07                        | 113.65                       |
| <b>Total revenue</b>                                     |       | <b>19,809.40</b>             | <b>21,117.93</b>             |
| <b>EXPENSES</b>                                          |       |                              |                              |
| Finance costs                                            | 18    | 8,726.70                     | 10,266.01                    |
| Employee benefits expense                                | 19    | 3,109.14                     | 3,235.47                     |
| Other expenses                                           | 20    | 3,310.47                     | 3,547.00                     |
| Depreciation and amortization expense                    | 21    | 538.81                       | 638.95                       |
| <b>Total Expenses</b>                                    |       | <b>15,685.12</b>             | <b>17,687.43</b>             |
| <b>Profit before tax</b>                                 |       | <b>4,124.28</b>              | <b>3,430.50</b>              |
| <b>Tax expenses</b>                                      |       |                              |                              |
| Current tax                                              |       | 1,424.16                     | 991.05                       |
| Deferred tax                                             |       | (7.20)                       | 179.34                       |
| <b>Total tax expense</b>                                 |       | <b>1,416.96</b>              | <b>1,170.39</b>              |
| <b>Profit for the year</b>                               |       | <b>2,707.32</b>              | <b>2,260.11</b>              |
| Earnings per equity share [nominal value of share ₹ 2/-] | 22    |                              |                              |
| Basic earnings per share (₹ /-)                          |       | 3.22                         | 2.69                         |
| Diluted earnings per share (₹ /-)                        |       | 3.22                         | 2.69                         |
| 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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE: 1

### 1) Nature of operations

Manappuram Finance Limited ('MAFIL' or 'the Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Non Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,293 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

### 2) Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC. The financial statements have been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1) Statement of significant accounting policies

#### a) Change in accounting policy

##### Depreciation of fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

##### Useful lives/depreciation rates

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

##### Depreciation on assets costing less than ₹ 5,000/-

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. To comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less

than ₹ 5,000/- over their useful life as assessed by the management.

Had the Company continued to follow the earlier useful life, the depreciation expense for the period would have been lower by ₹ 63.14, profit before tax would have been higher by ₹ 63.14 and the net block of fixed assets would have been higher by ₹ 63.14.

#### b) 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.

#### c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

#### d) Depreciation

Depreciation is provided using straight line method at the following rates, which is management's estimate of the useful lives of the assets:

| Nature of asset         | Useful life in years |
|-------------------------|----------------------|
| Computer equipment      |                      |
| - End user equipment    | 3                    |
| - Server*               | 3                    |
| Furniture and fixtures  |                      |
| - Safe and strong rooms | 10                   |
| - Others*               | 3-5                  |
| Office equipment *      | 3                    |
| Buildings               | 30                   |
| Vehicles                | 8                    |
| Plant & machinery       | 15                   |

\*The Company has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

#### e) Intangible assets – Computer software & licenses

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

# Notes

to the financial statements for the year ended March 31, 2015

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

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.

**f) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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.

**g) Leases**

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.

**h) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Any inter class transfer should be with the approval of the board and as per RBI regulation.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme.

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.

**i) Revenues**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after they become overdue in respect of standard gold loans accounts are reversed based on Management's estimate of ultimate realisation of the underlying security

Revenues from fee-based activities are recognized as and when services are rendered.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**j) Employee benefits**

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Company has no obligation payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.

iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

# Notes

to the financial statements for the year ended March 31, 2015

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

- iv. Employee stock compensation cost - Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

## k) Leave benefit plan

The Company with effect from April 1, 2014 has curtailed the leave encashment plan, consequent to which, the employees cannot encash the leave credit devolving on them from April 1, 2014. Further, no carry forward of accumulated leave is allowed. Consequent to such change in the leave policy, no accrual for leave benefit has been considered in the financial statements for the current year.

## Foreign currency transactions

- (i) Initial Recognition  
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Conversion  
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (iii) Exchange Differences  
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

## l) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign

currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

## m) Income Tax

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

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

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

## n) Earnings per share

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

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

# Notes

to the financial statements for the year ended March 31, 2015

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

outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## o) Provisions

(i) A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(ii) Provision policy for gold loans and other loan portfolios  
Secured loans are classified / provided for, as per management's best estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as follows:

| Classification of loans<br>(Gold and other loans) | Provisioning policy                                       |
|---------------------------------------------------|-----------------------------------------------------------|
| <b>Asset Classification</b>                       |                                                           |
| Standard Assets                                   | 0.25%                                                     |
| Sub-standard assets                               | 10%                                                       |
| Doubtful assets                                   | 100% of unsecured portion + 20 to 50% of secured portion. |
| Loss assets                                       | 100% provided / written off in books.                     |

Other loans are classified /provided for, as per the management's best estimates, subject to the minimum provision required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007.

## p) Segment reporting

The Company operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic.

## q) Cash and Cash Equivalents

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

## r) Ancillary borrowing costs

Ancillary borrowings costs incurred for the issue of debentures and other long term borrowings are expensed over the tenure of the loan.

## s) Securities issue expenses

Expenses incurred in connection with issue of shares are adjusted (net of tax effects, if any) against the securities premium account in accordance with Section 52 of the Companies Act, 2013.

Public issue expenses incurred in connection with issue of debentures are amortized over the term of debentures.

## t) Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Company re-assesses the claims made at each reporting period for recoverability.

## u) Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Company in accordance with the terms of the agreement with the customers.

## v) Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss.

## w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements as there is no indication of the uncertainties relating to any outflow.

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 3</b>                                                                 |                         |                         |
| <b>Share Capital</b>                                                           |                         |                         |
| <b>Authorized shares</b>                                                       |                         |                         |
| 980,000,000 (March 31, 2014: 980,000,000) equity shares of ₹ 2/- each          | 1,960.00                | 1,960.00                |
| 400,000 (March 31, 2014: 400,000) redeemable preference shares of ₹ 100/- each | 40.00                   | 40.00                   |
| <b>Issued, subscribed and fully paid-up shares</b>                             |                         |                         |
| 841,207,136 (31 March 2014: 841,207,136) equity shares of ₹ 2/- each           | 1,682.41                | 1,682.41                |
| <b>Total issued, subscribed and fully paid-up share capital</b>                | <b>1,682.41</b>         | <b>1,682.41</b>         |

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

|                                           | March 31, 2015 |                 | March 31, 2014 |                 |
|-------------------------------------------|----------------|-----------------|----------------|-----------------|
|                                           | No. millions   | (₹ in millions) | No. millions   | (₹ in millions) |
| At the beginning of the year              | 841.20         | 1,682.41        | 841.20         | 1,682.41        |
| <b>Outstanding at the end of the year</b> | <b>841.20</b>  | <b>1,682.41</b> | <b>841.20</b>  | <b>1,682.41</b> |

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2015, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.35 per share (31 March 2014: ₹ 1.80/- per share).

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

**c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

|                                                                                                                                            | March 31, 2015<br>No. millions | March 31, 2014<br>No. millions |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve. | 614.56                         | 614.56                         |

In addition, the Company has issued 11,213,880 equity shares (March 31, 2014: 11,213,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

**d. Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹ 2/- each fully paid)**

|                                      | March 31, 2015 |                        | March 31, 2014 |                        |
|--------------------------------------|----------------|------------------------|----------------|------------------------|
|                                      | No. millions   | % holding in the class | No. millions   | % holding in the class |
| Mr.Nandakumar V P                    | 222.54         | 26.45                  | 217.41         | 25.85                  |
| Ms Sushama Nandakumar                | 48.00          | 5.71                   | 48.00          | 5.71                   |
| Baring India Private Equity Fund III | 79.36          | 9.43                   | 79.36          | 9.43                   |
| Smallcap World Fund Inc              | 54.93          | 6.53                   | 54.93          | 6.53                   |
| Hudson Equity Holdings Ltd           | 44.55          | 5.30                   | 44.55          | 5.30                   |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                     | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 4</b>                                                                                      |                         |                         |
| <b>Reserves and Surplus</b>                                                                         |                         |                         |
| <b>Securities premium account</b>                                                                   |                         |                         |
| Balance as per the last financial statements                                                        | 13,699.17               | 13,699.17               |
| <b>Closing Balance</b>                                                                              | <b>13,699.17</b>        | <b>13,699.17</b>        |
| <b>Statutory reserve</b>                                                                            |                         |                         |
| Balance as per the last financial statements                                                        | 3,067.88                | 2,615.86                |
| Add: Transfer to Reserve fund as per RBI Act, 1934                                                  | 541.46                  | 452.02                  |
| <b>Closing Balance</b>                                                                              | <b>3,609.34</b>         | <b>3,067.88</b>         |
| <b>Debenture Redemption reserve</b>                                                                 |                         |                         |
| Balance as per the last financial statements                                                        | 113.90                  | 1,493.66                |
| Add: amount transferred from surplus balance in the Statement of Profit and Loss (refer note 4 (b)) | 435.14                  | 113.90                  |
| Less: Reversal of debenture redemption reserve                                                      | -                       | (1,493.66)              |
| <b>Closing Balance</b>                                                                              | <b>549.04</b>           | <b>113.90</b>           |
| <b>General reserve</b>                                                                              |                         |                         |
| Balance as per the last financial statements                                                        | 3,885.08                | 2,165.41                |
| Add: amount transferred from surplus balance in the Statement of Profit and Loss                    | -                       | 226.01                  |
| Add: amount transferred from debenture redemption reserve.                                          | -                       | 1,493.66                |
| <b>Closing Balance</b>                                                                              | <b>3,885.08</b>         | <b>3,885.08</b>         |
| <b>Surplus/(deficit) in the Statement of Profit and Loss</b>                                        |                         |                         |
| Balance as per last financial statements                                                            | 2,469.29                | 2,772.63                |
| Profit for the year                                                                                 | 2,707.32                | 2,260.11                |
| <b>Less: Appropriations</b>                                                                         |                         |                         |
| Transfer to debenture redemption reserve                                                            | 435.14                  | 113.90                  |
| Proposed final equity dividend (amount per share ₹ NIL/- (31 March 2014: 0.45/-))                   | -                       | 378.54                  |
| Interim dividend on equity shares                                                                   | 1,135.64                | 1,135.65                |
| Tax on proposed equity dividend                                                                     | -                       | 64.33                   |
| Tax on interim dividend on equity shares                                                            | 215.71                  | 193.00                  |
| Transfer to Statutory reserve                                                                       | 541.46                  | 452.02                  |
| Transfer to general reserve                                                                         | -                       | 226.01                  |
| Total appropriations                                                                                | 2,327.95                | 2,563.45                |
| <b>Net surplus in the Statement of Profit and Loss</b>                                              | <b>2,848.66</b>         | <b>2,469.29</b>         |
| <b>Total reserves and surplus</b>                                                                   | <b>24,591.29</b>        | <b>23,235.32</b>        |

## Notes:

- Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.
- In respect of the debentures issued through public issue, the Company maintains DRR at higher of 25% of the value of such debentures due for redemption in the following financial year or 25% of the prorata amount calculated based on the weighted average maturity of the debentures issued through public issue outstanding at the balance sheet date. The Company has created DRR of ₹ 549.04 as at March 31, 2015 (Previous Year ₹ 113.90). The Company subsequent to the year-end has deposited a sum of ₹ 255.13 (previous year ₹ 68.34) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                      | Non-current portion |                  | Current maturities |                  |
|----------------------------------------------------------------------|---------------------|------------------|--------------------|------------------|
|                                                                      | March 31, 2015      | March 31, 2014   | March 31, 2015     | March 31, 2014   |
| <b>NOTE: 5</b>                                                       |                     |                  |                    |                  |
| <b>Long-term borrowings</b>                                          |                     |                  |                    |                  |
| <b>Sub-ordinated debt (Unsecured)</b>                                |                     |                  |                    |                  |
| Subordinate debt from banks                                          | 1,500.00            | 1,500.00         | -                  | -                |
| Subordinate bonds from others                                        | 1,225.30            | 1,800.45         | 575.17             | 531.87           |
| <b>Debentures (Secured)</b>                                          |                     |                  |                    |                  |
| Non-convertible Debentures - Private placement                       | 3,289.87            | 4,855.51         | 1,204.61           | 3,381.62         |
| Non-convertible Debentures - Public issue                            | 4,824.56            | 1,544.39         | 1,505.35           | 455.61           |
| <b>Term loans</b>                                                    |                     |                  |                    |                  |
| Indian rupee loan from banks (secured)                               | 4,662.18            | 4,832.39         | 12,120.19          | 5,762.23         |
| Indian rupee loan from others (secured)                              | -                   | -                | -                  | 1,125.00         |
| Indian rupee loan from others (Unsecured)                            | -                   | 11.14            | 11.14              | 20.20            |
| Vehicle loans (Secured)                                              | 0.99                | 2.48             | 1.48               | 3.37             |
|                                                                      | <b>15,502.90</b>    | <b>14,546.36</b> | <b>15,417.94</b>   | <b>11,279.90</b> |
| <b>The above amount includes</b>                                     |                     |                  |                    |                  |
| Secured borrowings                                                   | 12,777.60           | 11,234.77        | 14,831.63          | 10,727.83        |
| Unsecured borrowings                                                 | 2,725.30            | 3,311.59         | 586.31             | 552.07           |
| Amount disclosed under the head "other current liabilities" (note 8) | -                   | -                | (15,417.94)        | (11,279.90)      |
| <b>Net amount</b>                                                    | <b>15,502.90</b>    | <b>14,546.36</b> | <b>-</b>           | <b>-</b>         |

## A) Indian rupee loan from banks (secured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2015</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 4-5 years                    | 10.50 -12.25%    | 25.64               | 11,039.73          |
| Due within 1-2 years                    | 12.25 -12.75%    | 4,636.54            | 863.46             |
| Due within 1 year                       | 13.00 -13.25%    | -                   | 217.00             |
| <b>Total</b>                            |                  | <b>4,662.18</b>     | <b>12,120.19</b>   |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 4-5 years                    | 12.00%           | 84.62               | 30.77              |
| Due within 1-2 years                    | 12.75 -13.30%    | 4,747.77            | 529.17             |
| Due within 1 year                       | 12.30 -13.50%    | -                   | 5,202.29           |
| <b>Total</b>                            |                  | <b>4,832.39</b>     | <b>5,762.23</b>    |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

## B) Indian rupee loan from others (secured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1 year                       | 13.50%           | -                   | 1,125.00           |
| <b>Total</b>                            |                  | <b>-</b>            | <b>1,125.00</b>    |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 15%. Further, the loan has been guaranteed by the personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

# Notes

to the financial statements for the year ended March 31, 2015

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

## C) Indian rupee loan from others (Unsecured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2015</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1 year                       | 12.30 -13.75 %   | -                   | 11.14              |
| <b>Total</b>                            |                  | <b>-</b>            | <b>11.14</b>       |

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1-2 years                    | 12.30 -13.75 %   | 11.14               | 20.20              |
| <b>Total</b>                            |                  | <b>11.14</b>        | <b>20.20</b>       |

## D) Vehicle loans (Secured loans)

| Tenure (from the date of Balance Sheet) | Rate of Interest |               | Total<br>Amount |
|-----------------------------------------|------------------|---------------|-----------------|
|                                         | < 10%            | >= 10% < =12% |                 |
|                                         | Amount           | Amount        |                 |
| <b>As at March 31, 2015</b>             |                  |               |                 |
| <b>Terms of repayment</b>               |                  |               |                 |
| Due within 3-4 years                    | -                | -             | -               |
| Due within 2-3 years                    | -                | -             | -               |
| Due within 1-2 years                    | 0.47             | 0.52          | 0.99            |
| Due within 1 year                       | 0.76             | 0.72          | 1.48            |
| <b>Grand Total</b>                      | <b>1.23</b>      | <b>1.24</b>   | <b>2.47</b>     |
| <b>Non current portion</b>              |                  |               | <b>0.99</b>     |
| <b>Current Maturities</b>               |                  |               | <b>1.48</b>     |

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

| Tenure (from the date of Balance Sheet) | Rate of Interest |               | Total<br>Amount |
|-----------------------------------------|------------------|---------------|-----------------|
|                                         | < 10%            | >= 10% < =12% |                 |
|                                         | Amount           | Amount        |                 |
| <b>As at March 31, 2014</b>             |                  |               |                 |
| <b>Terms of repayment</b>               |                  |               |                 |
| Due within 3-4 years                    | -                | 0.21          | 0.21            |
| Due within 2-3 years                    | 0.47             | 0.32          | 0.79            |
| Due within 1-2 years                    | 0.75             | 0.73          | 1.48            |
| Due within 1 year                       | 0.69             | 2.68          | 3.37            |
| <b>Grand Total</b>                      | <b>1.91</b>      | <b>3.94</b>   | <b>5.85</b>     |
| <b>Non current portion</b>              |                  |               | <b>2.48</b>     |
| <b>Current Maturities</b>               |                  |               | <b>3.37</b>     |

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

- E. Subordinate debt from banks as at March 31, 2015 aggregating ₹ 1,000 (March 31, 2014 ₹ 1,000) which carries an interest rate of 14.00% (floating - BR + 3.75%) is repayable at the end of five years and six months from the date of the loan viz. December 13, 2010, and ₹ 500 as at March 31, 2015, (₹ 500 as at March 31, 2014) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.)

### Subordinate bonds from others:

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

| Redeemable at par within | As at March 31, 2015 |        |              |          |             |        |           |          |
|--------------------------|----------------------|--------|--------------|----------|-------------|--------|-----------|----------|
|                          | Rate of interest     |        |              |          |             |        | Total     |          |
|                          | < 12%                |        | >= 12% < 14% |          | > =14%<=15% |        |           |          |
|                          | Number               | Amount | Number       | Amount   | Number      | Amount | Number    | Amount   |
| Due above 5 years        | 6,857                | 6.86   | 30,513       | 30.51    | 16,005      | 16.01  | 53,375    | 53.38    |
| Due within 4-5 years     | 413                  | 0.41   | 2,937        | 2.94     | 2,309       | 2.31   | 5,659     | 5.66     |
| Due within 3-4 years     | -                    | -      | -            | -        | 4,965       | 4.97   | 4,965     | 4.97     |
| Due within 2-3 years     | -                    | -      | 139,795      | 139.79   | 214,189     | 214.19 | 353,984   | 353.98   |
| Due within 1-2 years     | -                    | -      | 531,843      | 531.84   | 275,466     | 275.47 | 807,309   | 807.31   |
| Due within 1 year        | 116,533              | 116.53 | 435,254      | 435.25   | 23,391      | 23.39  | 575,178   | 575.17   |
| Grand Total              | 123,803              | 123.80 | 1,140,342    | 1,140.33 | 536,325     | 536.34 | 1,800,470 | 1,800.47 |
| Non-current portion      |                      |        |              |          |             |        |           | 1,225.30 |
| Current maturities       |                      |        |              |          |             |        |           | 575.17   |
| Total                    |                      |        |              |          |             |        |           | 1,800.47 |

| Redeemable at par within | As at March 31, 2014 |        |              |          |             |        |           |          |
|--------------------------|----------------------|--------|--------------|----------|-------------|--------|-----------|----------|
|                          | Rate of interest     |        |              |          |             |        | Total     |          |
|                          | < 12%                |        | >= 12% < 14% |          | > =14%<=15% |        |           |          |
|                          | Number               | Amount | Number       | Amount   | Number      | Amount | Number    | Amount   |
| Due above 5 years        | 7,270                | 7.27   | 33,450       | 33.45    | 18,314      | 18.31  | 59,034    | 59.03    |
| Due within 4-5 years     | -                    | -      | -            | -        | 4,965       | 4.97   | 4,965     | 4.97     |
| Due within 3-4 years     | -                    | -      | 139,795      | 139.79   | 214,184     | 214.18 | 353,979   | 353.97   |
| Due within 2-3 years     | -                    | -      | 531,843      | 531.84   | 275,466     | 275.47 | 807,309   | 807.31   |
| Due within 1-2 years     | 116,533              | 116.53 | 435,254      | 435.25   | 23,391      | 23.39  | 575,178   | 575.17   |
| Due within 1 year        | 37,104               | 37.10  | 274,847      | 274.85   | 219,915     | 219.92 | 531,866   | 531.87   |
| Grand Total              | 160,907              | 160.90 | 1,415,189    | 1,415.18 | 756,235     | 756.24 | 2,332,331 | 2,332.32 |
| Non-current portion      |                      |        |              |          |             |        |           | 1,800.45 |
| Current maturities       |                      |        |              |          |             |        |           | 531.87   |
| Total                    |                      |        |              |          |             |        |           | 2,332.32 |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.) Debentures (Secured)

### i) Private placement retail – Redeemable Non Convertible Debentures of ₹ 1,000/- each.

| Redeemable at par within | As at March 31, 2015 |          |               |              |                  |                  |                |               |                  |                 |
|--------------------------|----------------------|----------|---------------|--------------|------------------|------------------|----------------|---------------|------------------|-----------------|
|                          | < 10%                |          |               |              |                  | Rate of interest |                |               |                  |                 |
|                          | Number               | Amount   | Number        | Amount       | Number           | Number           | Amount         | Number        | Amount           | Total           |
| Terms of repayment       |                      |          |               |              |                  |                  |                |               |                  |                 |
| Above 5 years            | -                    | -        | -             | -            | -                | -                | -              | -             | -                | -               |
| Due within 4-5 years     | -                    | -        | -             | -            | -                | -                | -              | -             | -                | -               |
| Due within 3-4 years     | -                    | -        | -             | -            | 1,258,723        | 1,258.72         | 452,938        | 452.94        | 1,711,661        | 1,711.66        |
| Due within 2-3 years     | -                    | -        | 20,000        | 20.00        | 108,866          | 108.87           | 169,913        | 169.91        | 298,779          | 298.78          |
| Due within 1-2 years     | -                    | -        | 7,500         | 7.50         | 38,195           | 38.19            | 336            | 0.34          | 46,031           | 46.03           |
| Due within 1 year        | -                    | -        | 6,176         | 6.18         | 279,288          | 279.29           | 28,644         | 28.64         | 314,108          | 314.11          |
| <b>Grand Total</b>       | <b>-</b>             | <b>-</b> | <b>33,676</b> | <b>33.68</b> | <b>1,685,072</b> | <b>1,685.07</b>  | <b>651,831</b> | <b>651.83</b> | <b>2,370,579</b> | <b>2,370.58</b> |
| Non-current portion      |                      |          |               |              |                  |                  |                |               |                  | 2,056.47        |
| Current maturities       |                      |          |               |              |                  |                  |                |               |                  | 314.11          |
| <b>Total</b>             |                      |          |               |              |                  |                  |                |               |                  | <b>2,370.58</b> |

### As at March 31, 2014

| Redeemable at par within | As at March 31, 2014 |             |               |              |                  |                  |                |               |                  |                 |
|--------------------------|----------------------|-------------|---------------|--------------|------------------|------------------|----------------|---------------|------------------|-----------------|
|                          | < 10%                |             |               |              |                  | Rate of interest |                |               |                  |                 |
|                          | Number               | Amount      | Number        | Amount       | Number           | Number           | Amount         | Number        | Amount           | Total           |
| Terms of repayment       |                      |             |               |              |                  |                  |                |               |                  |                 |
| Above 5 years            | -                    | -           | -             | -            | -                | -                | -              | -             | -                | -               |
| Due within 4-5 years     | -                    | -           | -             | -            | 1,591,679        | 1,591.68         | 512,476        | 512.48        | 2,104,155        | 2,104.16        |
| Due within 3-4 years     | -                    | -           | -             | -            | 101,925          | 101.92           | 174,658        | 174.66        | 276,583          | 276.58          |
| Due within 2-3 years     | -                    | -           | -             | -            | 29,306           | 29.31            | 336            | 0.33          | 29,642           | 29.64           |
| Due within 1-2 years     | -                    | -           | 176           | 0.18         | 291,283          | 291.28           | 29,729         | 29.73         | 321,188          | 321.19          |
| Due within 1 year        | 53                   | 0.05        | 43,707        | 43.71        | 1,941,902        | 1,941.90         | 168,961        | 168.96        | 2,154,623        | 2,154.62        |
| <b>Grand Total</b>       | <b>53</b>            | <b>0.05</b> | <b>43,883</b> | <b>43.89</b> | <b>3,956,095</b> | <b>3,956.09</b>  | <b>886,160</b> | <b>886.16</b> | <b>4,886,191</b> | <b>4,886.19</b> |
| Non-current portion      |                      |             |               |              |                  |                  |                |               |                  | 2,731.57        |
| Current maturities       |                      |             |               |              |                  |                  |                |               |                  | 2,154.62        |
| <b>Total</b>             |                      |             |               |              |                  |                  |                |               |                  | <b>4,886.19</b> |

### Nature of Security

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time.

Debentures are offered for a period of 366 days to 65 Months.

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.)

### ii) Private Placement Institutional- Issue of Redeemable Non-convertible Debentures of ₹ 100,000/- each

| As at March 31, 2015      |               |                    |               |                      | Security                                                                                                                                 |
|---------------------------|---------------|--------------------|---------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Date of allotment         | Number        | Amount outstanding | Interest Rate | Redeemable at par on |                                                                                                                                          |
| <b>Terms of repayment</b> |               |                    |               |                      |                                                                                                                                          |
| 17-Jun-11                 | 400           | 40.00              | 12.50%        | 17-Jun-16            | Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property* |
| 27-May-11                 | 84            | 8.40               | 12.25%        | 27-May-16            |                                                                                                                                          |
| 27-May-11                 | 3,880         | 388.00             | 12.50%        | 27-May-16            |                                                                                                                                          |
| 31-Mar-11                 | 1,312         | 131.20             | 12.25%        | 31-Mar-16            |                                                                                                                                          |
| 28-Mar-11                 | 2,640         | 264.00             | 12.25%        | 28-Mar-16            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-15            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-15            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-15            |                                                                                                                                          |
| <b>Total</b>              | <b>11,589</b> | <b>1,158.90</b>    |               |                      |                                                                                                                                          |
| Non-current portion       |               | 436.40             |               |                      |                                                                                                                                          |
| Current maturities        |               | 722.50             |               |                      |                                                                                                                                          |
| <b>Total</b>              |               | <b>1,158.90</b>    |               |                      |                                                                                                                                          |

| As at March 31, 2014      |               |                    |               |                      | Security                                                                                                                                 |
|---------------------------|---------------|--------------------|---------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Date of allotment         | Number        | Amount outstanding | Interest Rate | Redeemable at par on |                                                                                                                                          |
| <b>Terms of repayment</b> |               |                    |               |                      |                                                                                                                                          |
| 17-Jun-11                 | 400           | 40.00              | 12.50%        | 17-Jun-16            | Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property* |
| 27-May-11                 | 84            | 8.44               | 12.25%        | 27-May-16            |                                                                                                                                          |
| 27-May-11                 | 3,880         | 388.00             | 12.50%        | 27-May-16            |                                                                                                                                          |
| 31-Mar-11                 | 1,312         | 131.20             | 12.25%        | 31-Mar-16            |                                                                                                                                          |
| 28-Mar-11                 | 2,640         | 264.00             | 12.25%        | 28-Mar-16            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-15            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-15            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-15            |                                                                                                                                          |
| 31-Mar-11                 | 984           | 98.40              | 12.25%        | 31-Mar-15            |                                                                                                                                          |
| 28-Mar-11                 | 1,980         | 198.00             | 12.25%        | 28-Mar-15            |                                                                                                                                          |
| 17-Jun-11                 | 500           | 50.00              | 12.25%        | 17-Jun-14            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-14            |                                                                                                                                          |
| 27-May-11                 | 10            | 1.00               | 12.00%        | 27-May-14            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-14            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-14            |                                                                                                                                          |
| <b>Total</b>              | <b>18,336</b> | <b>1,833.64</b>    |               |                      |                                                                                                                                          |
| Non-current portion       |               | 1,158.94           |               |                      |                                                                                                                                          |
| Current maturities        |               | 674.70             |               |                      |                                                                                                                                          |
| <b>Total</b>              |               | <b>1,833.64</b>    |               |                      |                                                                                                                                          |

\*Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

# Notes

to the financial statements for the year ended March 31, 2015

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

## iii) Private Placement -Institutional issue of Redeemable Non-convertible Debentures of ₹ 1,000,000/- each

| As at March 31, 2015      |            |                    |                      |                      |                     |
|---------------------------|------------|--------------------|----------------------|----------------------|---------------------|
| Date of allotment         | Number     | Amount outstanding | Interest Rate        | Redeemable at par on | Put and Call option |
| <b>Terms of repayment</b> |            |                    |                      |                      |                     |
| 18-Feb-14                 | 100        | 100.00             | 11.71% (Zero Coupon) | 04-May-15            | None                |
| 20-Mar-13                 | 16         | 16.00              | 12.25%               | 20-Mar-16            | None                |
| 31-Dec-12                 | 400        | 400.00             | 12.80%               | 31-Dec-17            | None                |
| 09-Jan-13                 | 116        | 116.00             | 12.40%               | 09-Jan-18            | None                |
| 01-Feb-13                 | 250        | 250.00             | 12.80%               | 01-Feb-18            | None                |
| 20-Mar-13                 | 1          | 1.00               | 12.40%               | 20-Mar-18            | None                |
| 20-Mar-13                 | 30         | 30.00              | 13.25%               | 20-Mar-23            | None                |
| 09-Jan-13                 | 52         | 52.00              | 12.25%               | 09-Jan-16            | None                |
| <b>Total</b>              | <b>965</b> | <b>965.00</b>      |                      |                      |                     |
| Non-current portion       |            | 797.00             |                      |                      |                     |
| Current maturities        |            | 168.00             |                      |                      |                     |
| <b>Total</b>              |            | <b>965.00</b>      |                      |                      |                     |

| As at March 31, 2014      |              |                    |                        |                      |                     |
|---------------------------|--------------|--------------------|------------------------|----------------------|---------------------|
| Date of allotment         | Number       | Amount outstanding | Interest Rate          | Redeemable at par on | Put and Call option |
| <b>Terms of repayment</b> |              |                    |                        |                      |                     |
| 12-Mar-13                 | 446          | 389.42             | Zero coupon IRR 13.19% | 21-Apr-14            | None                |
| 12-Mar-13                 | 127          | 105.88             | Zero coupon IRR 13.19% | 03-Sep-14            | None                |
| 09-Jan-13                 | 32           | 32.00              | 12.10%                 | 09-Jan-15            | None                |
| 20-Mar-13                 | 25           | 25.00              | 12.10%                 | 20-Mar-15            | None                |
| 18-Feb-14                 | 100          | 100.00             | 11.71% (Zero Coupon)   | 04-May-15            | None                |
| 20-Mar-13                 | 16           | 16.00              | 12.25%                 | 20-Mar-16            | None                |
| 31-Dec-12                 | 400          | 400.00             | 12.80%                 | 31-Dec-17            | None                |
| 09-Jan-13                 | 116          | 116.00             | 12.40%                 | 09-Jan-18            | None                |
| 01-Feb-13                 | 250          | 250.00             | 12.80%                 | 01-Feb-18            | None                |
| 20-Mar-13                 | 1            | 1.00               | 12.40%                 | 20-Mar-18            | None                |
| 20-Mar-13                 | 30           | 30.00              | 13.25%                 | 20-Mar-23            | None                |
| 09-Jan-13                 | 52           | 52.00              | 12.25%                 | 09-Jan-16            | None                |
| <b>Total</b>              | <b>1,595</b> | <b>1,517.30</b>    |                        |                      |                     |
| Non-current portion       |              | 965.00             |                        |                      |                     |
| Current maturities        |              | 552.30             |                        |                      |                     |
| <b>Total</b>              |              | <b>1,517.30</b>    |                        |                      |                     |

### Nature of Security

Secured by present and future gold loan receivable of the Company with minimum asset cover ratio of 1.10 times.

# Notes

to the financial statements for the year ended March 31, 2015

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

## iv) Public issue of Redeemable Non-convertible Debentures of ₹ 1,000/- each

| Date of allotment<br>Terms of repayment | As at March 31, 2015 |                 | Interest Rate | Redeemable at par on |
|-----------------------------------------|----------------------|-----------------|---------------|----------------------|
|                                         | Number               | Amount          |               |                      |
| 05-Apr-14                               | 506,742              | 506.74          | 11.00%        | 10-May-15            |
| 18-Oct-14                               | 492,340              | 492.34          | 10.50%        | 22-Nov-15            |
| 28-Jan-14                               | 142,857              | 142.86          | 11.50%        | 28-Jan-16            |
| 28-Jan-14                               | 363,414              | 363.41          | 12.00%        | 28-Jan-16            |
| 05-Apr-14                               | 127,579              | 127.58          | 11.50%        | 05-Apr-16            |
| 05-Apr-14                               | 264,285              | 264.29          | 12.00%        | 05-Apr-16            |
| 18-Oct-14                               | 165,683              | 165.68          | 11.00%        | 18-Oct-16            |
| 18-Oct-14                               | 135,403              | 135.40          | 11.25%        | 18-Oct-16            |
| 28-Jan-14                               | 539,297              | 539.30          | 12.25%        | 28-Jan-17            |
| 28-Jan-14                               | 307,469              | 307.47          | 12.50%        | 28-Jan-17            |
| 05-Apr-14                               | 585,064              | 585.06          | 12.25%        | 05-Apr-17            |
| 05-Apr-14                               | 315,100              | 315.10          | 12.50%        | 05-Apr-17            |
| 18-Oct-14                               | 1,137,977            | 1,137.98        | 11.50%        | 18-Oct-17            |
| 18-Oct-14                               | 668,597              | 668.60          | 11.75%        | 18-Oct-17            |
| 28-Jan-14                               | 4,919                | 4.92            | 11.50%        | 28-Jan-19            |
| 28-Jan-14                               | 11,140               | 11.14           | 12.00%        | 28-Jan-19            |
| 05-Apr-14                               | 5,012                | 5.01            | 11.50%        | 05-Apr-19            |
| 05-Apr-14                               | 8,447                | 8.45            | 12.00%        | 05-Apr-19            |
| 18-Oct-14                               | 22,024               | 22.02           | 11.25%        | 18-Oct-19            |
| 18-Oct-14                               | 12,970               | 12.97           | 11.50%        | 18-Oct-19            |
| 28-Jan-14                               | 175,298              | 175.30          | 12.61%        | 28-Nov-19            |
| 05-Apr-14                               | 187,771              | 187.77          | 12.61%        | 05-Feb-20            |
| 18-Oct-14                               | 150,523              | 150.52          | 11.70%        | 18-Jan-21            |
| <b>Total</b>                            | <b>6,329,911</b>     | <b>6,329.91</b> |               |                      |
| Non-current portion                     |                      | 4,824.56        |               |                      |
| Current maturities                      |                      | 1,505.35        |               |                      |
| <b>Total</b>                            |                      | <b>6,329.91</b> |               |                      |

| Date of allotment<br>Terms of repayment | As at March 31, 2014 |                 | Interest Rate | Redeemable at par on |
|-----------------------------------------|----------------------|-----------------|---------------|----------------------|
|                                         | Number               | Amount          |               |                      |
| 28-Jan-14                               | 455,606              | 455.61          | 11.00%        | 04-Mar-15            |
| 28-Jan-14                               | 142,857              | 142.86          | 11.50%        | 28-Jan-16            |
| 28-Jan-14                               | 74,075               | 74.08           | 12.00%        | 28-Jan-16            |
| 28-Jan-14                               | 289,339              | 289.34          | 12.00%        | 28-Jan-16            |
| 28-Jan-14                               | 539,297              | 539.30          | 12.25%        | 28-Jan-17            |
| 28-Jan-14                               | 95,713               | 95.71           | 12.50%        | 28-Jan-17            |
| 28-Jan-14                               | 211,756              | 211.76          | 12.50%        | 28-Jan-17            |
| 28-Jan-14                               | 4,919                | 4.92            | 11.50%        | 28-Jan-19            |
| 28-Jan-14                               | 9,265                | 9.27            | 12.00%        | 28-Jan-19            |
| 28-Jan-14                               | 1,875                | 1.88            | 12.00%        | 28-Jan-19            |
| 28-Jan-14                               | 175,298              | 175.30          | 12.61%        | 28-Nov-19            |
| <b>Total</b>                            | <b>2,000,000</b>     | <b>2,000.00</b> |               |                      |
| Non-current portion                     |                      | 1,544.39        |               |                      |
| Current maturities                      |                      | 455.61          |               |                      |
| <b>Total</b>                            |                      | <b>2,000.00</b> |               |                      |

### Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all book debts and other current assets as fully described in the debenture trust deed except those receivables exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security. The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                           | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 6</b>                                            |                         |                         |
| <b>Other long term liabilities</b>                        |                         |                         |
| Interest accrued but not due on long term borrowings      | 886.07                  | 541.55                  |
| Application money on redeemable non convertible debenture | -                       | 2,000.00                |
| Security deposits from employees                          | 207.82                  | 184.08                  |
|                                                           | <b>1,093.89</b>         | <b>2,725.63</b>         |

|                                                         | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 7</b>                                          |                         |                         |
| <b>Short-term borrowings</b>                            |                         |                         |
| Cash credit / Overdraft facilities from banks (secured) | 8,962.75                | 29,563.51               |
| Working Capital demand loan from banks (secured)        | 43,070.00               | 21,781.92               |
| Working Capital demand loan from others (secured)       | -                       | 750.00                  |
| Working Capital demand loan from others (unsecured)     | 58.76                   | -                       |
| Inter Corporate Deposit (unsecured)                     | -                       | 32.50                   |
| Commercial Papers (unsecured)                           | 906.14                  | -                       |
|                                                         | <b>52,997.65</b>        | <b>52,127.93</b>        |
| <b>The above amount includes</b>                        |                         |                         |
| Secured borrowings                                      | 52,032.75               | 52,095.43               |
| Unsecured borrowings                                    | 964.90                  | 32.50                   |
| <b>Total</b>                                            | <b>52,997.65</b>        | <b>52,127.93</b>        |

## Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)

| Particulars                                                                                                                                                                                                                  | March 31, 2015   | March 31, 2014   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO | 52,032.75        | 51,345.43        |
| <b>Total</b>                                                                                                                                                                                                                 | <b>52,032.75</b> | <b>51,345.43</b> |

## Working Capital demand loan from others (secured)

| Particulars                                                                                                                                                                                                                  | March 31, 2015 | March 31, 2014 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO | Nil            | 750.00         |
| <b>Total</b>                                                                                                                                                                                                                 | <b>NIL</b>     | <b>750.00</b>  |

## Working Capital demand loan from others (unsecured)

The loan carry interest rate of 13.75% and the tenor is 12 months.

Inter Corporate Deposit (unsecured) carry interest rate at 10.50% and the tenor is 3 months.

Commercial papers carry interest rates of 10.7% to 12.00% and their tenor ranges from 60 days to 364 days.

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                                      | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 8</b>                                                                                                       |                         |                         |
| <b>Other current liabilities</b>                                                                                     |                         |                         |
| Trade Payables (A) (refer note 8 (A))                                                                                | 242.14                  | 363.40                  |
| Current maturities of long-term borrowings (note 5)                                                                  | 15,417.94               | 11,279.90               |
| Interest accrued but not due on borrowings                                                                           | 484.41                  | 556.18                  |
| Statutory dues payable                                                                                               | 97.50                   | 99.32                   |
| Employee related payables                                                                                            | 241.85                  | 243.53                  |
| Auction surplus                                                                                                      | 380.60                  | 436.15                  |
| Investor Education and Protection Fund will be credited by following amounts (as and when due)                       |                         |                         |
| Unclaimed matured Non convertible debenture                                                                          | 8.62                    | 13.03                   |
| Unclaimed dividend                                                                                                   | 24.34                   | 20.51                   |
| Unclaimed matured deposits                                                                                           | 0.07                    | 0.07                    |
| Unclaimed matured subordinate bonds                                                                                  | 20.61                   | 21.09                   |
| Application money oversubscribed on redeemable non-convertible debenture due for refund and interest accrued thereon | -                       | 8.15                    |
| Others                                                                                                               | 58.64                   | 29.81                   |
| <b>Total (B)</b>                                                                                                     | <b>16,734.58</b>        | <b>12,707.74</b>        |
| <b>Total (A+B)</b>                                                                                                   | <b>16,976.72</b>        | <b>13,071.14</b>        |

Note 8(A): There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2015 and March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

|                                               | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 9</b>                                |                         |                         |
| <b>Short term provisions</b>                  |                         |                         |
| <b>Provision for employee benefits</b>        |                         |                         |
| Provision for gratuity                        | 39.12                   | 9.11                    |
| Provision for leave encashment                | -                       | 147.31                  |
|                                               | <b>39.12</b>            | <b>156.42</b>           |
| <b>Other provisions</b>                       |                         |                         |
| Provision for non performing assets           | 183.79                  | 173.76                  |
| Proposed equity dividend                      | -                       | 378.54                  |
| Provision for tax on proposed equity dividend | -                       | 64.33                   |
| Provision for standard assets                 | 229.18                  | 201.77                  |
| Provision for litigation                      | 24.85                   | 20.21                   |
|                                               | <b>437.82</b>           | <b>838.61</b>           |
|                                               | <b>476.94</b>           | <b>995.03</b>           |

The table below gives information about movement in provision for litigation claim.

|                               | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-------------------------------|-------------------------|-------------------------|
| At the beginning of the year  | 20.21                   | 12.19                   |
| Arising during the year       | 4.64                    | 8.02                    |
| Utilized during the year      | -                       | -                       |
| Unused amounts reversed       | -                       | -                       |
| <b>At the end of the year</b> | <b>24.85</b>            | <b>20.21</b>            |
| Current portion               | 24.85                   | 20.21                   |
| Non-current portion           | -                       | -                       |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                         | Freehold Land | Building      | Office equipment | Electrical Installation | Computer equipment | Furniture and Fittings | Vehicle ***  | Plant & Machinery | Total           |
|-----------------------------------------|---------------|---------------|------------------|-------------------------|--------------------|------------------------|--------------|-------------------|-----------------|
| <b>NOTE: 10A</b>                        |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>Tangible assets</b>                  |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>Cost</b>                             |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2013</b>                 | 81.88         | 121.02        | 155.98           | 222.27                  | 806.87             | 1,913.87               | 34.01        | 44.27             | 3,380.16        |
| Additions                               | -             | 145.73        | 57.03            | 40.81                   | 140.32             | 123.47                 | 2.82         | 3.05              | 513.23          |
| Deletions                               | 0.70          | -             | 4.99             | 1.51                    | 60.98              | 8.58                   | 0.98         | 4.97              | 82.71           |
| <b>At March 31, 2014</b>                | <b>81.18</b>  | <b>266.75</b> | <b>208.01</b>    | <b>261.57</b>           | <b>886.21</b>      | <b>2,028.76</b>        | <b>35.85</b> | <b>42.35</b>      | <b>3,810.68</b> |
| <b>Cost</b>                             |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2014</b>                 | <b>81.18</b>  | <b>266.75</b> | <b>208.01</b>    | <b>261.57</b>           | <b>886.21</b>      | <b>2,028.76</b>        | <b>35.85</b> | <b>42.35</b>      | <b>3,810.68</b> |
| Additions                               | -             | 38.96         | 59.06            | 9.30                    | 119.14             | 53.51                  | -            | 0.59              | 280.56          |
| Deletions/adjustment                    | -             | -             | 6.04             | 6.52                    | 68.90              | 24.88                  | 1.97         | -                 | 108.31          |
| <b>At March 31, 2015</b>                | <b>81.18</b>  | <b>305.71</b> | <b>261.03</b>    | <b>264.35</b>           | <b>936.45</b>      | <b>2,057.39</b>        | <b>33.88</b> | <b>42.94</b>      | <b>3,982.93</b> |
| <b>Accumulated Depreciation</b>         |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2013</b>                 | -             | <b>3.94</b>   | <b>113.88</b>    | <b>124.44</b>           | <b>501.94</b>      | <b>597.61</b>          | <b>8.17</b>  | <b>3.14</b>       | <b>1,353.12</b> |
| Charge for the year                     | -             | 3.43          | 42.50            | 83.28                   | 218.81             | 263.82                 | 3.31         | 2.02              | 617.17          |
| Deletions                               | -             | -             | 4.70             | 0.96                    | 57.85              | 5.94                   | 0.96         | 0.41              | 70.82           |
| <b>At March 31, 2014</b>                | -             | <b>7.37</b>   | <b>151.67</b>    | <b>206.76</b>           | <b>662.90</b>      | <b>855.49</b>          | <b>10.52</b> | <b>4.75</b>       | <b>1,899.47</b> |
| <b>Accumulated Depreciation</b>         |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2014</b>                 | -             | <b>7.37</b>   | <b>151.67</b>    | <b>206.77</b>           | <b>662.90</b>      | <b>855.49</b>          | <b>10.52</b> | <b>4.75</b>       | <b>1,899.47</b> |
| Charge for the year (refer note 2.1(c)) | -             | 10.34         | 34.44            | 36.32                   | 153.02             | 274.87                 | 5.24         | 2.99              | 517.22          |
| Disposals/adjustment                    | -             | -             | 5.40             | 6.50                    | 67.01              | 24.50                  | 1.49         | -                 | 104.90          |
| <b>At March 31, 2015</b>                | -             | <b>17.71</b>  | <b>180.71</b>    | <b>236.59</b>           | <b>748.91</b>      | <b>1,105.86</b>        | <b>14.27</b> | <b>7.74</b>       | <b>2,311.79</b> |
| <b>Net Block at March 31, 2014</b>      | <b>81.18</b>  | <b>259.38</b> | <b>56.34</b>     | <b>54.80</b>            | <b>223.31</b>      | <b>1,173.27</b>        | <b>25.33</b> | <b>37.60</b>      | <b>1,911.21</b> |
| <b>Net Block at March 31, 2015</b>      | <b>81.18</b>  | <b>288.00</b> | <b>80.32</b>     | <b>27.76</b>            | <b>187.54</b>      | <b>951.53</b>          | <b>19.61</b> | <b>35.20</b>      | <b>1,671.14</b> |

\*\*\* Includes vehicles taken on finance lease/hire purchase- Gross block ₹ 13.77 as at March 31, 2015 (March 31, 2014 ₹ 20.52). Depreciation for the year ₹ 1.96 (March 31, 2014 ₹ 1.78) and Net block ₹ 8.36 as at March 31, 2015 (March 31, 2014 ₹ 15.46)

# Notes

to the financial statements for the year ended March 31, 2015

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

|                          | Computer Software |
|--------------------------|-------------------|
| <b>NOTE: 10B</b>         |                   |
| <b>Intangible assets</b> |                   |
| <b>Cost</b>              |                   |
| <b>At April 1, 2013</b>  | <b>135.49</b>     |
| Purchase                 | 7.35              |
| Deletions                | 4.50              |
| <b>At March 31, 2014</b> | <b>138.34</b>     |
| <b>Cost</b>              |                   |
| <b>At April 1, 2014</b>  | <b>138.34</b>     |
| Purchase                 | 2.68              |
| Deletions                | -                 |
| <b>At March 31, 2015</b> | <b>141.02</b>     |
| <b>Amortization</b>      |                   |
| <b>At April 1, 2013</b>  | <b>57.61</b>      |
| Charge for the year      | 21.78             |
| Deletions                | 3.19              |
| <b>At March 31, 2014</b> | <b>76.20</b>      |
| <b>Amortization</b>      |                   |
| <b>At April 1, 2014</b>  | <b>76.20</b>      |
| Charge for the year      | 21.59             |
| Deletions                | -                 |
| <b>At March 31, 2015</b> | <b>97.79</b>      |
| <b>Net book</b>          |                   |
| <b>At March 31, 2014</b> | <b>62.14</b>      |
| <b>At March 31, 2015</b> | <b>43.23</b>      |

|                                                                                                                           | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 11A</b>                                                                                                          |                         |                         |
| <b>Non-current investments</b>                                                                                            |                         |                         |
| <b>Non trade (Unquoted, valued at cost)</b>                                                                               |                         |                         |
| 50 (previous year: 50) Non Convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanalaxmi Bank Limited      | 50.00                   | 50.00                   |
| <b>Non trade - Investment in wholly owned subsidiary (Unquoted, valued at cost)</b>                                       |                         |                         |
| 45,000,000 (Previous year - 11,100,000) equity share of ₹ 10/- each fully paid in Manappuram Home Finance Private Limited | 502.56                  | 163.56                  |
| <b>Non trade - Investment in other subsidiary (Unquoted, valued at cost)</b>                                              |                         |                         |
| 13,398,013 (Previous year - Nil) equity share of ₹ 10/- each fully paid in Asirvad Microfinance Private limited.          | 1,123.83                | -                       |
| <b>Investment in other companies (Unquoted, valued at cost)</b>                                                           |                         |                         |
| 1,000 (Previous year - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.                 | 0.03                    | 0.03                    |
|                                                                                                                           | <b>1,676.42</b>         | <b>213.59</b>           |

**Note :**

|                                                               |          |        |
|---------------------------------------------------------------|----------|--------|
| 1. Aggregate amount of unquoted investments                   | 1,676.42 | 213.59 |
| 2. Aggregate provision for diminution in value of investments | -        | -      |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                                                                                       | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 11B</b>                                                                                                                                                      |                         |                         |
| <b>CURRENT INVESTMENTS</b>                                                                                                                                            |                         |                         |
| <b>Mutual Fund (Unquoted, valued at net asset value)</b>                                                                                                              |                         |                         |
| 14,455,619.441 (Previous year 14,455,619.441) units of ₹ 27.6709/- (Previous year ₹ 29.8996/-) each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth | 492.64                  | 432.22                  |
| 31,167.266 units of ₹ 1,604.2472 (Previous year 68,064.674 units of ₹ 1,471.7663/-) each in Baroda Pioneer Mutual Fund - Plan B Growth                                | 50.03                   | 100.17                  |
| 31,037.947 units of ₹ 1,610.9313 (Previous year Nil) each in Boi Axa Liquid Fund - Direct Plan - Growth                                                               | 50.03                   | -                       |
| 17,621.3429 units of ₹ 2,837.4682 (Previous year Nil) each in Kotak Liquid Scheme Plan A-Direct Plan -Growth                                                          | 50.04                   | -                       |
| <b>Certificate of Deposit (Unquoted, value at cost)</b>                                                                                                               |                         |                         |
| 7,500 (Previous year Nil) units of ₹ 100,000/- each in Dena Bank                                                                                                      | 1,475.46                | -                       |
| Nil (Previous year 5,000) units of ₹ 100,000/- each in Allahabad Bank                                                                                                 | -                       | 491.70                  |
| Nil (Previous year 15,000) units of ₹ 100,000/- each in Andhra Bank                                                                                                   | -                       | 1,473.65                |
| Nil (Previous year 10,000) units of ₹ 100,000/- each in IDBI Bank Ltd                                                                                                 | -                       | 982.29                  |
| Nil (Previous year 10,000) units of ₹ 100,000/- each in Indian Bank                                                                                                   | -                       | 981.16                  |
| Nil (Previous year 20,000) units of ₹ 100,000/- each in Oriental Bank of Commerce                                                                                     | -                       | 1,968.42                |
| Nil (Previous year 15,000) units of ₹ 100,000/- each in Union Bank of India                                                                                           | -                       | 1,476.43                |
|                                                                                                                                                                       | <b>2,118.20</b>         | <b>7,906.04</b>         |
| <b>Note :</b>                                                                                                                                                         |                         |                         |
| 1. Aggregate amount of unquoted investments (Cost)                                                                                                                    | 2,025.46                | 7,873.65                |
|                                                                                                                                                                       | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
| <b>NOTE: 12</b>                                                                                                                                                       |                         |                         |
| <b>Deferred tax assets (net)</b>                                                                                                                                      |                         |                         |
| <b>Deferred tax liability</b>                                                                                                                                         |                         |                         |
| On unamortised debenture issue expense                                                                                                                                | (34.81)                 | (34.00)                 |
| <b>Gross deferred tax liability</b>                                                                                                                                   | <b>(34.81)</b>          | <b>(34.00)</b>          |
| <b>Deferred tax asset</b>                                                                                                                                             |                         |                         |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.                                       | 152.38                  | 99.81                   |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis                                   | 29.78                   | 53.17                   |
| Provision for advances                                                                                                                                                | 140.37                  | 163.12                  |
| Others                                                                                                                                                                | 8.45                    | 6.87                    |
| <b>Gross deferred tax asset</b>                                                                                                                                       | <b>330.98</b>           | <b>322.97</b>           |
| <b>Net deferred tax asset</b>                                                                                                                                         | <b>296.17</b>           | <b>288.97</b>           |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                     | Non-current    |                | Current          |                  |
|-----------------------------------------------------------------------------------------------------|----------------|----------------|------------------|------------------|
|                                                                                                     | March 31, 2015 | March 31, 2014 | March 31, 2015   | March 31, 2014   |
| <b>NOTE: 13</b>                                                                                     |                |                |                  |                  |
| <b>Loans and advances</b>                                                                           |                |                |                  |                  |
| <b>Portfolio Loan</b>                                                                               |                |                |                  |                  |
| Secured, considered good                                                                            |                |                |                  |                  |
| - Gold                                                                                              | -              | -              | 92,060.93        | 81,378.61        |
| - Commercial Vehicle                                                                                | 110.02         | -              | 43.72            | -                |
| - Mortgage/Property Loan                                                                            | 232.90         | -              | 39.26            | -                |
| - Other loans                                                                                       | -              | 21.43          | 22.83            | 46.83            |
|                                                                                                     | <b>342.92</b>  | <b>21.43</b>   | <b>92,166.74</b> | <b>81,425.44</b> |
| <b>Secured, considered doubtful#</b>                                                                |                |                |                  |                  |
| Gold                                                                                                | -              | -              | 183.79           | 173.76           |
| Other loans                                                                                         | -              | -              | -                | -                |
| <b>Portfolio Loan</b>                                                                               |                |                |                  |                  |
| Unsecured, considered good                                                                          |                |                |                  |                  |
| - Demand loan                                                                                       | -              | -              | -                | 10.07            |
| - Personal loan                                                                                     | -              | -              | 0.05             | -                |
| Unsecured, considered doubtful#                                                                     | -              | -              | -                | -                |
| <b>Advances recoverable in cash or kind *</b>                                                       |                |                |                  |                  |
| Unsecured, considered good                                                                          | -              | -              | 224.05           | 180.17           |
| Unsecured, considered doubtful                                                                      | -              | -              | -                | 104.37           |
|                                                                                                     | -              | -              | 224.05           | 284.54           |
| Less: Provision for doubtful advances                                                               | -              | -              | -                | (104.37)         |
|                                                                                                     | <b>-</b>       | <b>-</b>       | <b>224.05</b>    | <b>180.17</b>    |
| Deposits (Unsecured, considered good)                                                               |                |                |                  |                  |
| Rental deposits                                                                                     | 468.43         | 495.94         | 74.68            | 27.59            |
| Other security deposits                                                                             | 46.90          | 31.39          | 13.96            | 11.64            |
|                                                                                                     | <b>515.33</b>  | <b>527.33</b>  | <b>88.64</b>     | <b>39.23</b>     |
| Service tax and other taxes recoverable, from Government (Unsecured, considered good)               | -              | -              | 28.21            | 42.21            |
|                                                                                                     | <b>858.25</b>  | <b>548.76</b>  | <b>92,691.48</b> | <b>81,870.88</b> |
| * Advances recoverable in cash or kind includes dues from relative of directors and related parties | -              | -              | 0.42             | -                |

# Provision for the same has been disclosed separately under note 9. Also refer note 31(a)

|                                                                         | Non-current     |                 | Current         |                 |
|-------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                         | March 31, 2015  | March 31, 2014  | March 31, 2015  | March 31, 2014  |
| <b>NOTE: 14</b>                                                         |                 |                 |                 |                 |
| <b>Other assets</b>                                                     |                 |                 |                 |                 |
| Non-current bank deposits (note 15)                                     | 208.38          | 185.23          | -               | -               |
| <b>(A)</b>                                                              | <b>208.38</b>   | <b>185.23</b>   | <b>-</b>        | <b>-</b>        |
| <b>Interest accrued:</b>                                                |                 |                 |                 |                 |
| Loan Portfolio (Secured, considered good)                               | -               | -               | 5,681.65        | 5,611.46        |
| Fixed deposits and investment                                           | -               | 0.20            | 24.48           | 96.17           |
| Advance tax (net of Provisions for taxation and tax deducted at source) | 1,033.80        | 1,079.49        | -               | -               |
| Ancillary cost of arranging the borrowings                              | 70.08           | 99.30           | 111.78          | 130.38          |
| Others                                                                  | -               | -               | 1.88            | 2.21            |
| <b>(B)</b>                                                              | <b>1,103.88</b> | <b>1,178.99</b> | <b>5,819.79</b> | <b>5,840.22</b> |
| <b>Total (A + B)</b>                                                    | <b>1,312.26</b> | <b>1,364.22</b> | <b>5,819.79</b> | <b>5,840.22</b> |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                                                                         | Non-current    |                | Current         |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|
|                                                                                                                                                         | March 31, 2015 | March 31, 2014 | March 31, 2015  | March 31, 2014  |
| <b>NOTE: 15</b>                                                                                                                                         |                |                |                 |                 |
| <b>Cash and bank balances</b>                                                                                                                           |                |                |                 |                 |
| <b>Balances with banks:</b>                                                                                                                             |                |                |                 |                 |
| On current accounts                                                                                                                                     | -              | -              | 3,862.77        | 2,635.80        |
| Deposits with original maturity of less than three months                                                                                               | -              | -              | 105.00          | 140.00          |
| <b>Cash on hand</b>                                                                                                                                     | -              | -              | 1,517.30        | 1,221.67        |
| <b>On Escrow accounts #</b>                                                                                                                             |                |                |                 |                 |
| Application money towards redeemable non-convertible debenture pending allotment                                                                        |                |                | -               | 2,008.15        |
| Unpaid matured deposit                                                                                                                                  | -              | -              | 0.07            | 0.22            |
| Unpaid auction surplus deposit                                                                                                                          |                |                | 390.21          | 443.60          |
| On unpaid dividend account                                                                                                                              | -              | -              | 24.36           | 20.52           |
|                                                                                                                                                         | -              | -              | <b>5,899.71</b> | <b>6,469.96</b> |
| # The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus. |                |                |                 |                 |
| <b>Other bank balances</b>                                                                                                                              |                |                |                 |                 |
| <b>Other balance</b>                                                                                                                                    |                |                |                 |                 |
| Deposits with original maturity for more than 3 months but less than 12 months*                                                                         | -              | -              | 761.40          | 1,578.94        |
| Deposits with original maturity for more than 12 months*                                                                                                | 208.38         | 185.23         | 164.94          | 283.67          |
|                                                                                                                                                         | <b>208.38</b>  | <b>185.23</b>  | <b>926.34</b>   | <b>1,862.61</b> |
| Amount disclosed under non-current assets (note 14)                                                                                                     | 208.38         | 185.23         | -               | -               |
|                                                                                                                                                         | -              | -              | <b>6,826.05</b> | <b>8,332.57</b> |

\* Includes:

- a) Cash collateral deposits aggregating ₹ 940 (March 31, 2014 : ₹ 1,790) towards approved bank facilities;
- b) Employee security deposits aggregating ₹ 207.70 (March 31, 2014 : ₹ 183.93) placed as fixed deposits with banks; and
- c) Deposits aggregating to ₹ 37.13 (March 31, 2014 : ₹ 21.36) towards security deposit to various authority.

|                                              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 16</b>                              |                              |                              |
| <b>Revenue from operations</b>               |                              |                              |
| <b>Interest Income</b>                       |                              |                              |
| - Gold loans                                 | 19,321.30                    | 20,472.36                    |
| - Bank and other deposits                    | 117.70                       | 229.53                       |
| - Property loans                             | 23.82                        | 0.14                         |
| - Commercial Vehicles                        | 4.60                         | -                            |
| - Other loans                                | 9.97                         | 2.07                         |
| Processing Fees                              | 102.27                       | 55.13                        |
| <b>Total Operating income (A)</b>            | <b>19,579.66</b>             | <b>20,759.23</b>             |
| <b>Other operating revenue</b>               |                              |                              |
| - Money transfer                             | 48.66                        | 38.67                        |
| - Net Gain on current investment             | 77.20                        | 169.49                       |
| - Provisions no longer required written back | 25.15                        | 9.74                         |
| - Bad debts recovered                        | 25.82                        | 26.64                        |
| - Others                                     | 0.84                         | 0.51                         |
| <b>Total other operating revenue (B)</b>     | <b>177.67</b>                | <b>245.05</b>                |
| <b>Revenue from operations (A+B)</b>         | <b>19,757.33</b>             | <b>21,004.28</b>             |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 17</b>                                                                                                   |                              |                              |
| <b>Other Income</b>                                                                                               |                              |                              |
| Profit on sale of fixed assets (net)                                                                              | 6.50                         | 4.82                         |
| Notice pay recovery                                                                                               | 37.54                        | 99.60                        |
| Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (31 March 2014: ₹ Nil)) | 8.03                         | 9.23                         |
|                                                                                                                   | <b>52.07</b>                 | <b>113.65</b>                |
|                                                                                                                   |                              |                              |
|                                                                                                                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>NOTE: 18</b>                                                                                                   |                              |                              |
| <b>Finance Cost</b>                                                                                               |                              |                              |
| Interest                                                                                                          | 1,443.37                     | 1,772.20                     |
| - on Debentures                                                                                                   | 5,917.10                     | 7,474.56                     |
| - on Bank and other borrowings                                                                                    | 523.88                       | 596.70                       |
| - on Subordinate bonds and loans                                                                                  | 532.08                       | 177.29                       |
| - on Commercial papers                                                                                            | 0.91                         | 2.27                         |
| - Others                                                                                                          |                              |                              |
|                                                                                                                   | 309.36                       | 242.99                       |
| Other borrowing cost                                                                                              | <b>8,726.70</b>              | <b>10,266.01</b>             |
|                                                                                                                   |                              |                              |
|                                                                                                                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>NOTE: 19</b>                                                                                                   |                              |                              |
| <b>Employee benefit expense</b>                                                                                   |                              |                              |
| Salaries, wages and bonus                                                                                         | 2,739.76                     | 2,948.27                     |
| Contribution to provident and other funds                                                                         | 364.75                       | 280.16                       |
| Staff welfare expenses                                                                                            | 4.63                         | 7.04                         |
|                                                                                                                   | <b>3,109.14</b>              | <b>3,235.47</b>              |

# Notes

to the financial statements for the year ended March 31, 2015

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

|                                                                                                    | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 20</b>                                                                                    |                              |                              |
| <b>Other expenses</b>                                                                              |                              |                              |
| Electricity                                                                                        | 160.10                       | 151.26                       |
| Rent                                                                                               | 909.95                       | 857.21                       |
| Rates and taxes                                                                                    | 25.46                        | 34.10                        |
| Insurance                                                                                          | 30.93                        | 31.78                        |
| Repairs and maintenance                                                                            |                              |                              |
| -Vehicles                                                                                          | 3.55                         | 4.47                         |
| -Others                                                                                            | 78.80                        | 53.46                        |
| Advertising and sales promotion                                                                    | 446.39                       | 428.79                       |
| Commission Paid                                                                                    | 3.85                         | -                            |
| Travelling and conveyance                                                                          | 91.00                        | 76.79                        |
| Communication costs                                                                                | 141.53                       | 168.63                       |
| Printing and stationery                                                                            | 82.98                        | 59.76                        |
| IT Support costs                                                                                   | 282.37                       | 283.59                       |
| Legal and professional fees                                                                        | 114.06                       | 136.05                       |
| Security charges                                                                                   | 575.93                       | 714.83                       |
| Bad debts/advances written off                                                                     | 237.14                       | 472.58                       |
| Provision for non performing assets, net of bad debts written off of ₹ Nil (Previous year - ₹ 278) | 10.03                        | 21.95                        |
| Provision for doubtful advances and receivables                                                    | -                            | 247.17                       |
| Provision for standard assets                                                                      | 27.41                        | 18.57                        |
| Corporate social responsibility expenditure (refer note 49)                                        | 43.38                        | 513.10                       |
| Miscellaneous expenses                                                                             | 45.61                        | (44.43)                      |
|                                                                                                    | <b>3,310.47</b>              | <b>3,547.00</b>              |
| <b>Legal and professional charges include Payment to auditors:</b>                                 |                              |                              |
| <b>As auditor:*</b>                                                                                |                              |                              |
| Audit fee                                                                                          | 3.00                         | 2.90                         |
| Limited reviews                                                                                    | 1.80                         | 1.80                         |
| Certification fees                                                                                 | 0.95                         | 0.95                         |
| Reimbursement of expenses                                                                          | 0.30                         | 0.30                         |
|                                                                                                    | <b>6.05</b>                  | <b>5.95</b>                  |

\* Exclusive of fees paid related to issue of Non-convertible debenture.

|                                              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 21</b>                              |                              |                              |
| <b>Depreciation and amortization expense</b> |                              |                              |
| Depreciation                                 | 517.22                       | 617.17                       |
| Amortization of intangible assets            | 21.59                        | 21.78                        |
|                                              | <b>538.81</b>                | <b>638.95</b>                |

|                                                                                                  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 22</b>                                                                                  |                              |                              |
| <b>Earnings per share (EPS)</b>                                                                  |                              |                              |
| The following reflects the profit and share data used in the basic and diluted EPS computations: |                              |                              |
| Net profit for calculation of basic EPS                                                          | <b>2,707.32</b>              | <b>2,260.11</b>              |
| Weighted average number of equity shares in calculating basic EPS (Nos.)                         | 841,207,136                  | 841,207,136                  |
| <b>Effect of dilution:</b>                                                                       |                              |                              |
| Stock options granted under ESOP (Nos.)                                                          | 65,557                       | -                            |
| Weighted average number of equity shares in calculating diluted EPS (Nos.)                       | <b>841,272,693</b>           | <b>841,207,136</b>           |
| Basic EPS (₹)                                                                                    | 3.22                         | 2.69                         |
| Diluted EPS (₹)                                                                                  | 3.22                         | 2.69                         |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE23:

### Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

|                                 |                                                                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Date of share holders' approval | August 17, 2009                                                                                                                           |
| Number of options approved      | 1,000,000                                                                                                                                 |
| Date of grant                   | August 17, 2009                                                                                                                           |
| Number of options granted       | 829,500                                                                                                                                   |
| Method of settlement            | Equity                                                                                                                                    |
| Graded Vesting                  | 50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011 |
| Exercisable period              | 4 years from vesting date                                                                                                                 |
| Vesting conditions              | On achievement of pre-determined performance parameters.                                                                                  |

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹ 33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to ₹ 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

During the current year the Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 at an exercise price of ₹ 31.25 options on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

| Particulars                                             | March 31, 2015   | March 31, 2014 |
|---------------------------------------------------------|------------------|----------------|
| <b>Options outstanding, beginning of year</b>           | -                | 66,000         |
| Options granted during the year                         | -                | -              |
| Increase on account of Bonus issue                      | -                | -              |
| Lapsed Options restored during the year                 | 1,191,000        | -              |
| Options exercised during the year                       | -                | -              |
| Options lapsed during the year                          | (130,000)        | (66,000)       |
| <b>Options outstanding, end of year</b>                 | <b>1,061,000</b> | <b>-</b>       |
| <b>Options outstanding at the yearend comprise of :</b> |                  |                |
| - Options eligible for exercise at year end             | -                | -              |
| - Options not eligible for exercise at year end         | 1,061,000        | -              |

| Particulars                                         | March 31, 2015 | March 31, 2014 |
|-----------------------------------------------------|----------------|----------------|
| Weighted average remaining contract life of options | -              | -              |
| Weighted average market price at the exercise date  | -              | -              |

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

| Particulars                                                                 | Vesting I         | Vesting II        |
|-----------------------------------------------------------------------------|-------------------|-------------------|
|                                                                             | 3-Nov-2015<br>50% | 3-Nov-2016<br>50% |
| Option fair value (pre-split and bonus at a face value of ₹ 10/- per share) | ₹ 10.26/-         | ₹ 10.43/-         |
| Risk-free interest rate                                                     | 6.51%             | 6.53%             |
| Expected life                                                               | 3 years           | 4 Years           |
| Expected volatility                                                         | 61.53%            | 58.90%            |
| Expected dividend yield                                                     | 7.58%             | 7.58%             |
| Share price on the date of grant (face value of ₹ 10/-)                     | ₹ 31.25/-         | ₹ 31.25/-         |

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

# Notes

to the financial statements for the year ended March 31, 2015

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

## Pro-forma Disclosures for ESOS 2009

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

| Particulars                      | Profit after tax | Basic EPS (₹) | Diluted EPS (₹) |
|----------------------------------|------------------|---------------|-----------------|
| <b>Year ended March 31, 2015</b> |                  |               |                 |
| - Amounts as reported            | 2,707.32         | 3.22          | 3.22            |
| - Amounts as per pro-forma       | 2,703.99         | 3.21          | 3.21            |

| Particulars                      | Profit after tax | Basic EPS (₹) | Diluted EPS (₹) |
|----------------------------------|------------------|---------------|-----------------|
| <b>Year ended March 31, 2014</b> |                  |               |                 |
| - Amounts as reported            | 2,260.11         | 2.69          | 2.69            |
| - Amounts as per pro-forma       | 2,260.11         | 2.69          | 2.69            |

## NOTE 24

### Related party transactions with whom transactions have taken place during the year

#### Names of related parties

| Relationship                                                                                              | Name of the party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subsidiary company                                                                                        | Manappuram Home Finance Company Private Limited<br>Asirvad Microfinance Private Limited (w.e.f February 12, 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Associates / Enterprises owned or significantly influenced by key management personnel or their relatives | Manappuram Insurance Brokers Private Limited<br>Manappuram Jewellers Limited<br>Manappuram Agro Farms Limited<br>Manappuram Foundations<br>Manappuram Comptech and Consultant Limited *<br>Manappuram Health Care Limited *<br>Manappuram Construction and Properties Limited *<br>Manappuram Chit Funds Company Private Limited *<br>Manappuram Chits (Karnataka) Private Limited *<br>Manappuram Chits (Andhra) Private Limited * (w.e.f February 20, 2015)*<br>Adlux Medicity and Convention centre Private Limited* (w.e.f February 24, 2015)*<br>MAFIN Enterprise *<br>Manappuram travels *<br>MAGRO Farms *<br>Manappuram Chits * |
| Key Management Personnel                                                                                  | Mr. V P Nandakumar- Managing Director & CEO<br>Mr. I Unnikrishnan - Executive Director & Deputy CEO (cease to be KMP from November 30, 2014)<br>Mr. B.N Raveendra Babu- Executive Director<br>Mr. Kapil Krishan -Chief financial officer<br>Mr. K Rajesh Kumar -Company Secretary (cease to be KMP from March 31, 2015)                                                                                                                                                                                                                                                                                                                 |
| Relatives of key management personnel                                                                     | Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)<br>Mr. Sooraj Nandan (son of Mr. V P Nandakumar)<br>Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)<br>Mr. Suhas Nandan (son of Mr. V P Nandakumar)<br>Mrs. Sathyakshmi (wife of Mr. I Unnikrishnan)<br>Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)<br>Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)<br>Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)                                                                                                                                                                                      |

\* No transactions with these related parties.

# Notes

to the financial statements for the year ended March 31, 2015

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

## Related party transactions with whom transactions have taken place during the year

| Particulars                                                       | Subsidiary Company |              | Associates / Enterprises owned or significantly influenced by key management personnel or their relatives |              | Key Management Personnel |              | Relatives of key management personnel |             |
|-------------------------------------------------------------------|--------------------|--------------|-----------------------------------------------------------------------------------------------------------|--------------|--------------------------|--------------|---------------------------------------|-------------|
|                                                                   | 31-Mar-15          | 31-Mar-14    | 31-Mar-15                                                                                                 | 31-Mar-14    | 31-Mar-15                | 31-Mar-14    | 31-Mar-15                             | 31-Mar-14   |
| <b>Debentures and Subordinate Bond issued during the year</b>     |                    |              |                                                                                                           |              |                          |              | -                                     | <b>0.67</b> |
| Mrs. Shelly Ekalavyan                                             |                    |              |                                                                                                           |              |                          |              | -                                     | 0.67        |
| <b>Debentures and Subordinate Bond redeemed during the year</b>   |                    |              |                                                                                                           |              |                          |              | <b>0.55</b>                           | <b>0.69</b> |
| Mrs. Sathyalakshmi                                                |                    |              |                                                                                                           |              |                          |              | 0.05                                  | -           |
| Mrs. Rajalakshmi Raveendra Babu                                   |                    |              |                                                                                                           |              |                          |              | 0.50                                  | 0.10        |
| Ms. Biji Babu                                                     |                    |              |                                                                                                           |              |                          |              | -                                     | 0.40        |
| Mrs. Shelly Ekalavyan                                             |                    |              |                                                                                                           |              |                          |              | -                                     | 0.19        |
| <b>Equity contribution</b>                                        | <b>969.00</b>      | <b>40.00</b> |                                                                                                           |              |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited                   | 339.00             | 40.00        |                                                                                                           |              |                          |              |                                       |             |
| Asirvad Microfinance Private Limited                              | 630.00             | -            |                                                                                                           |              |                          |              |                                       |             |
| <b>Interest expense</b>                                           |                    |              |                                                                                                           |              |                          |              | <b>0.62</b>                           | <b>0.58</b> |
| Mrs. Sathyalakshmi                                                |                    |              |                                                                                                           |              |                          |              | 0.13                                  | 0.14        |
| Mrs. Rajalakshmi Raveendra Babu                                   |                    |              |                                                                                                           |              |                          |              | 0.31                                  | 0.29        |
| Ms. Biji Babu                                                     |                    |              |                                                                                                           |              |                          |              | 0.08                                  | 0.06        |
| Mrs. Shelly Ekalavyan                                             |                    |              |                                                                                                           |              |                          |              | 0.10                                  | 0.09        |
| <b>Commission to Directors</b>                                    |                    |              |                                                                                                           |              | <b>21.20</b>             | <b>16.90</b> |                                       |             |
| Mr. V.P.Nandakumar                                                |                    |              |                                                                                                           |              | 15.00                    | 10.50        |                                       |             |
| Mr. I Unnikrishnan                                                |                    |              |                                                                                                           |              | 3.00                     | 3.50         |                                       |             |
| Mr. Raveendra Babu                                                |                    |              |                                                                                                           |              | 3.20                     | 2.90         |                                       |             |
| <b>Remuneration to Directors</b>                                  |                    |              |                                                                                                           |              | <b>50.13</b>             | <b>51.75</b> |                                       |             |
| Mr. V.P.Nandakumar                                                |                    |              |                                                                                                           |              | 33.94                    | 33.60        |                                       |             |
| Mr. I Unnikrishnan                                                |                    |              |                                                                                                           |              | 7.36                     | 10.08        |                                       |             |
| Mr. Raveendra Babu                                                |                    |              |                                                                                                           |              | 8.83                     | 8.07         |                                       |             |
| <b>Remuneration to other KMPs</b>                                 |                    |              |                                                                                                           |              | 6.48                     | -            |                                       |             |
| <b>Remuneration paid to Relative of KMP</b>                       |                    |              |                                                                                                           |              |                          |              | <b>2.17</b>                           | <b>-</b>    |
| Mr. Sooraj Nandan                                                 |                    |              |                                                                                                           |              |                          |              | 1.71                                  | -           |
| Mrs. Sumita Jayshankar                                            |                    |              |                                                                                                           |              |                          |              | 0.47                                  | -           |
| <b>Donation made</b>                                              |                    |              | <b>40.11</b>                                                                                              | <b>33.44</b> |                          |              |                                       |             |
| Manappuram Foundations                                            |                    |              | 40.11                                                                                                     | 33.44        |                          |              |                                       |             |
| <b>Rent Paid</b>                                                  |                    |              | <b>0.65</b>                                                                                               | <b>1.03</b>  | <b>0.37</b>              | <b>0.43</b>  | <b>0.24</b>                           | <b>0.22</b> |
| Mr. V.P.Nandakumar                                                |                    |              | -                                                                                                         | -            | 0.37                     | 0.43         | -                                     | -           |
| Mr. Suhas Nandan                                                  |                    |              | -                                                                                                         | -            |                          |              | 0.09                                  | 0.11        |
| Mrs. Sumitha Nandakumar                                           |                    |              | -                                                                                                         | -            |                          |              | 0.11                                  | 0.11        |
| Mr. Sooraj Nandan                                                 |                    |              |                                                                                                           |              |                          |              | 0.04                                  | -           |
| Manappuram Agro Farms Limited                                     |                    |              | 0.65                                                                                                      | 1.03         |                          |              |                                       |             |
| <b>Rent Received</b>                                              |                    |              | <b>0.42</b>                                                                                               | <b>0.07</b>  |                          |              |                                       |             |
| Manappuram Jewellers Limited                                      |                    |              | 0.37                                                                                                      | 0.07         |                          |              |                                       |             |
| Manappuram Agro Farms Limited                                     |                    |              | 0.04                                                                                                      | -            |                          |              |                                       |             |
| Manappuram Insurance Brokers Private Limited                      |                    |              | 0.01                                                                                                      | -            |                          |              |                                       |             |
| <b>Electricity Charge Received</b>                                |                    |              |                                                                                                           |              |                          |              |                                       |             |
| Manappuram Jewellers Limited                                      |                    |              | 0.26                                                                                                      | -            |                          |              |                                       |             |
| <b>Rent, Electricity, telephone and printing charges Received</b> |                    |              |                                                                                                           |              |                          |              |                                       |             |

# Notes

to the financial statements for the year ended March 31, 2015

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

| Particulars                                     | Subsidiary Company |               | Associates / Enterprises owned or significantly influenced by key management personnel or their relatives |           | Key Management Personnel |              | Relatives of key management personnel |             |
|-------------------------------------------------|--------------------|---------------|-----------------------------------------------------------------------------------------------------------|-----------|--------------------------|--------------|---------------------------------------|-------------|
|                                                 | 31-Mar-15          | 31-Mar-14     | 31-Mar-15                                                                                                 | 31-Mar-14 | 31-Mar-15                | 31-Mar-14    | 31-Mar-15                             | 31-Mar-14   |
| Manappuram Home Finance Company Private Limited | 1.22               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Expenses reimbursed to the Company</b>       |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.56               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Expenses reimbursed by the Company</b>       |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.04               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Sale of assets</b>                           |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.07               | -             | -                                                                                                         | -         |                          |              |                                       |             |
| <b>Rent Advance Received</b>                    |                    |               | 0.06                                                                                                      | 0.16      |                          |              |                                       |             |
| Manappuram Jewellers Limited                    |                    |               | -                                                                                                         | 0.16      |                          |              |                                       |             |
| Manappuram Insurance Brokers Private Limited    |                    |               | 0.02                                                                                                      | -         |                          |              |                                       |             |
| Manappuram Agro Farms Limited                   |                    |               | 0.04                                                                                                      | -         |                          |              |                                       |             |
| <b>Interest Income</b>                          |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Asirvad Microfinance Private limited            | 4.87               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Repayment of term loan received</b>          |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Asirvad Microfinance Private limited            | 300.00             | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Security deposit received</b>                |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.04               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Security deposit refunded</b>                |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.04               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Balance outstanding as at the year end:</b>  |                    |               |                                                                                                           |           |                          |              |                                       |             |
| <b>Investment in Subsidiary company</b>         | <b>1,626.39</b>    | <b>163.56</b> |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 502.56             | 163.56        |                                                                                                           |           |                          |              |                                       |             |
| Asirvad Microfinance Private limited            | 1,123.83           | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Amounts receivable from related parties</b>  |                    |               |                                                                                                           |           |                          |              |                                       |             |
| Manappuram Home Finance Company Private Limited | 0.42               | -             |                                                                                                           |           |                          |              |                                       |             |
| <b>Amounts payable (net) to related parties</b> |                    |               |                                                                                                           |           | <b>21.20</b>             | <b>16.90</b> | <b>3.60</b>                           | <b>4.15</b> |
| Mr. V.P.Nandakumar                              |                    |               |                                                                                                           |           | 15.00                    | 10.50        | -                                     | -           |
| Mr. I Unnikrishnan                              |                    |               |                                                                                                           |           | 3.00                     | 3.50         | -                                     | -           |
| Mr. Raveendra Babu                              |                    |               |                                                                                                           |           | 3.20                     | 2.90         | -                                     | -           |
| Mrs. Rajalakshmi Raveendra Babu                 |                    |               |                                                                                                           |           |                          |              | 1.48                                  | 1.98        |
| Ms. Biji Babu                                   |                    |               |                                                                                                           |           |                          |              | 0.40                                  | 0.40        |
| Mrs. Sathyaekshmy                               |                    |               |                                                                                                           |           |                          |              | 1.05                                  | 1.10        |
| Mrs. Shelly Ekalavyan                           |                    |               |                                                                                                           |           |                          |              | 0.67                                  | 0.67        |

Note:

Related parties have been identified on the basis of the declaration received by the management and other records available.

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 25

### Employment benefits disclosures:

The amounts of Provident fund contribution charged to the statement of Profit and loss during the year aggregates to ₹ 223.13 for March 31, 2015 (March 31, 2014 ₹ 160.80)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

### Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

|                                                  | March 31, 2015 | March 31, 2014 |
|--------------------------------------------------|----------------|----------------|
| Current service cost                             | 57.57          | 47.55          |
| Interest cost on benefit obligation              | 13.45          | 8.53           |
| Expected return on plan assets                   | (13.13)        | (9.62)         |
| Net actuarial (gain)/loss recognized in the year | (6.09)         | (9.33)         |
| Net (benefit) / expense                          | 51.80          | 37.13          |
| Actual return on plan assets                     | 17.45          | 8.60           |

### Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

|                                                          | March 31, 2015 | March 31, 2014 |
|----------------------------------------------------------|----------------|----------------|
| Defined benefit obligation                               | (216.33)       | (151.07)       |
| Fair value of plan assets                                | 177.21         | 141.96         |
| Asset/(liability) recognized in the balance sheet        | (39.12)        | (9.11)         |
| Experience adjustments on plan liabilities (Gain) / Loss | (16.58)        | 0.45           |
| Experience adjustments on plan assets Gain / (Loss)      | 4.32           | (1.02)         |

|                                                          | March 31, 2013 | March 31, 2012 |
|----------------------------------------------------------|----------------|----------------|
| Defined benefit obligation                               | (107.98)       | (75.65)        |
| Fair value of plan assets                                | 110.34         | 81.72          |
| Asset/(liability) recognized in the balance sheet        | 2.36           | 6.07           |
| Experience adjustments on plan liabilities (Gain) / Loss | (8.57)         | (26.07)        |
| Experience adjustments on plan assets Gain / (Loss)      | 1.07           | 0.42           |

|                                                          | March 31, 2011 |
|----------------------------------------------------------|----------------|
| Defined benefit obligation                               | (51.91)        |
| Fair value of plan assets                                | 37.10          |
| Asset/(liability) recognized in the balance sheet        | (14.81)        |
| Experience adjustments on plan liabilities (Gain) / Loss | 14.90          |
| Experience adjustments on plan assets Gain / (Loss)      | 0.15           |

Changes in the present value of the defined benefit obligation are as follows:

|                                       | March 31, 2015 | March 31, 2014 |
|---------------------------------------|----------------|----------------|
| Opening defined benefit obligation    | 151.07         | 107.98         |
| Interest cost                         | 13.45          | 8.53           |
| Current service cost                  | 57.57          | 47.55          |
| Benefits paid                         | (3.99)         | (2.64)         |
| Actuarial loss / (gain) on obligation | (1.77)         | (10.35)        |
| Closing defined benefit obligation    | 216.33         | 151.07         |

# Notes

to the financial statements for the year ended March 31, 2015

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

Changes in the fair value of plan assets are as follows:

|                                                           | March 31, 2015 | March 31, 2014 |
|-----------------------------------------------------------|----------------|----------------|
| Opening fair value of plan assets                         | 141.96         | 110.34         |
| Expected return                                           | 13.13          | 9.62           |
| Contributions by employer                                 | 21.79          | 25.66          |
| Benefits paid                                             | (3.99)         | (2.64)         |
| Actuarial gains / (losses)                                | 4.32           | (1.02)         |
| Closing fair value of plan assets                         | 177.21         | 141.96         |
| Expected contribution to fund to be made in the next year | 40.00          | 30.00          |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                                   | March 31, 2015 | March 31, 2014 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 7.8%           | 8.9%           |
| Attrition rate                    | 15%            | 15%            |
| Expected rate of return on assets | 8.5%           | 8.5%           |

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTE 26: Commitments

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 4.70 as at March 31, 2015 (March 31, 2014 - ₹ 4.32).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

## NOTE 27: Contingent liabilities

### (a) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

### (b) Litigations

- Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP.
- Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to ₹ 7.72 including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

## NOTE: 28 Additional disclosures as required by circular no DNBS(PD).CC.No.125/03.05.002/2008-2009 dated August 1, 2008 issued by the Reserve Bank of India:

### a) Capital to Risk Assets Ratio

| Particulars                | March 31, 2015 | March 31, 2014 |
|----------------------------|----------------|----------------|
| CRAR (%)                   | 25.64          | 27.68          |
| CRAR - Tier I Capital (%)  | 25.07          | 26.69          |
| CRAR - Tier II Capital (%) | 0.57           | 0.99           |

# Notes

to the financial statements for the year ended March 31, 2015

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

**b) Asset liability management**

**Maturity pattern of certain items of assets and liabilities as at March 31, 2015**

| Liabilities           | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 month upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total     |
|-----------------------|---------------------------------|----------------------------|----------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|-----------|
| Borrowings from banks | 13,963.10                       | 7,785.90                   | 8,420.80                   | 17,757.70                 | 16,225.44               | 4,639.08               | 23.10                   | -            | 68,815.12 |
| Market borrowings #   | 906.41                          | 13.80                      | 5.70                       | 20.80                     | 30.80                   | 1.00                   | -                       | -            | 978.51    |
| Assets @              | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 month upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total     |
| Advances (net)        | 30,935.28                       | 7,079.20                   | 18,015.60                  | 25,573.90                 | 10,656.20               | 92.70                  | 258.10                  | 82.52        | 92,693.50 |
| Investments           | 1,625.56                        |                            |                            |                           | 492.64                  |                        | 50.00                   | 1,626.42     | 3,794.62  |

# Represents working capital demand loans from others, Inter Corporate Deposits and commercial papers under Note 7 and vehicle loans under Note 5

**Maturity pattern of certain items of assets and liabilities as at March 31, 2014**

| Liabilities           | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 month upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total     |
|-----------------------|---------------------------------|----------------------------|----------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|-----------|
| Borrowings from banks | 3,450.82                        | 6,585.35                   | 4,118.40                   | 7,550.69                  | 35,402.40               | 4,778.53               | 53.86                   | -            | 61,940.05 |
| Market borrowings #   | 375.39                          | 0.37                       | 37.69                      | 1,130.80                  | 386.82                  | 13.42                  | 0.20                    | -            | 1,944.69  |
| Assets @              | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 month upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total     |
| Advances (net)        | 16,285.67                       | 7,434.55                   | 5,971.69                   | 14,156.70                 | 37,760.66               | 21.43                  | -                       | -            | 81,630.70 |
| Investments           | 7,473.82                        |                            |                            |                           | 432.22                  | -                      | 50.00                   | 163.59       | 8,119.63  |

# Represents working capital demand loans from others and commercial papers under Note 7 and vehicle loans under Note 5

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2015 and March 31, 2014.

@ The asset maturity pattern are based on expected collections pattern of the Company based on past experience.

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 29

### Lease Disclosures

#### Operating Lease :

Office premises are obtained on operating lease which are cancellable in nature. Operating lease payments are recognized as an expense in the statement of profit and loss.

#### Finance Leases:

The Company has finance leases for vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

| Particulars                                                                                                                | 31-Mar-15 | 31-Mar-14 |
|----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Total minimum lease payments at the year end                                                                               | 2.70      | 6.45      |
| Less: amount representing finance charges                                                                                  | 0.23      | 0.60      |
| Present value of minimum lease payments                                                                                    | 2.47      | 5.85      |
| Lease payments for the year                                                                                                | 3.75      | 5.04      |
| <b>Minimum lease Payments:</b>                                                                                             |           |           |
| Not less than one year [Present value ₹ 1.48 as on March 31, 2015 (₹ 2.48 as on March 31, 2014)]                           | 1.64      | 3.75      |
| Later than one year but not later than five years[Present value ₹ 0.99 as on March 31, 2015 (₹ 3.37 as on March 31, 2014)] | 1.06      | 2.70      |

## NOTE 30

### Cash collateral deposits

Deposit with Banks includes Cash collaterals deposits aggregating ₹ 940.00 (March 31, 2014 ₹ 1,790.00) towards approved facilities. Bank / institution wise breakup of the same is as under :

| Bank/Financial institution | 31-Mar-15     | 31-Mar-14       |
|----------------------------|---------------|-----------------|
| Andhra Bank                | 100.00        | 250.00          |
| Central Bank               | -             | 175.00          |
| The Federal Bank Ltd       | 40.00         | 40.00           |
| Indian Overseas Bank       | -             | 275.00          |
| Jammu and Kashmir Bank Ltd | 100.00        | 200.00          |
| Karur Vysya Bank Ltd       | -             | 25.00           |
| South Indian Bank Ltd      | 180.00        | 180.00          |
| State Bank of India        | 420.00        | 420.00          |
| United Bank of India       | -             | 125.00          |
| Vijaya Bank                | 100.00        | 100.00          |
| <b>Total</b>               | <b>940.00</b> | <b>1,790.00</b> |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 31(A)

**Gold and other loan portfolio classification and provision for non performing assets (As per RBI Prudential Norms)**

| Particulars            | Gross Loan Outstanding |                  | Provision For Assets |               | Net Loan Outstanding |                  |
|------------------------|------------------------|------------------|----------------------|---------------|----------------------|------------------|
|                        | 31-Mar-15              | 31-Mar-14        | 31-Mar-15            | 31-Mar-14     | 31-Mar-15            | 31-Mar-14        |
| <b>Secured Loans</b>   |                        |                  |                      |               |                      |                  |
| <b>A) Gold Loan</b>    |                        |                  |                      |               |                      |                  |
| Standard Asset         | 91,161.39              | 80,556.12        | 228.06               | 201.57        | 90,933.33            | 80,354.55        |
| Sub Standard Asset     | 953.66                 | 887.22           | 95.37                | 88.72         | 858.29               | 798.50           |
| Doubtful Asset         | 51.95                  | 31.31            | 10.66                | 7.32          | 41.29                | 23.99            |
| Loss Asset             | 77.72                  | 77.72            | 77.72                | 77.72         | -                    | -                |
| <b>Total - A</b>       | <b>92,244.72</b>       | <b>81,552.37</b> | <b>411.81</b>        | <b>375.33</b> | <b>91,832.91</b>     | <b>81,177.04</b> |
| <b>B) Other Loans</b>  |                        |                  |                      |               |                      |                  |
| Standard Asset         | 448.37                 | 68.24            | 1.12                 | 0.17          | 447.25               | 68.07            |
| Sub Standard Asset     | 0.36                   | 0.02             | 0.04                 | -             | 0.32                 | 0.02             |
| Doubtful Asset         | -                      | -                | -                    | -             | -                    | -                |
| Loss Asset             | -                      | -                | -                    | -             | -                    | -                |
| <b>Total - B</b>       | <b>448.73</b>          | <b>68.26</b>     | <b>1.16</b>          | <b>0.17</b>   | <b>447.57</b>        | <b>68.09</b>     |
| <b>Total (A+B)</b>     | <b>92,693.45</b>       | <b>81,620.63</b> | <b>412.97</b>        | <b>375.50</b> | <b>92,280.48</b>     | <b>81,245.13</b> |
| <b>Unsecured Loans</b> |                        |                  |                      |               |                      |                  |
| <b>A) Other Loans</b>  |                        |                  |                      |               |                      |                  |
| Standard Asset         | 0.05                   | 10.07            | -                    | 0.03          | 0.05                 | 10.04            |
| Sub Standard Asset     | -                      | -                | -                    | -             | -                    | -                |
| Doubtful Asset         | -                      | -                | -                    | -             | -                    | -                |
| Loss Asset             | -                      | -                | -                    | -             | -                    | -                |
| <b>Total</b>           | <b>0.05</b>            | <b>10.07</b>     | <b>-</b>             | <b>0.03</b>   | <b>0.05</b>          | <b>10.04</b>     |

## NOTE 31 (B)

**Provision for diminution in value of investments**

| Particulars                                      | 31-Mar-15 | 31-Mar-14 |
|--------------------------------------------------|-----------|-----------|
| Provision for diminution in value of investments | -         | -         |

## NOTE 32: INVESTMENT

| Particulars                                                               | 31-Mar-15 | 31-Mar-14 |
|---------------------------------------------------------------------------|-----------|-----------|
| <b>1) Value of Investments</b>                                            |           |           |
| i) Gross Value of Investments                                             |           |           |
| (a) In India                                                              | 3,794.62  | 8,119.63  |
| (b) Outside India                                                         | -         | -         |
| ii) Provisions for Depreciation                                           |           |           |
| (a) In India                                                              | -         | -         |
| (b) Outside India                                                         | -         | -         |
| ii) Net Value of Investments                                              |           |           |
| (a) In India                                                              | 3,794.62  | 8,119.63  |
| (b) Outside India                                                         | -         | -         |
| <b>2) Movement of provisions held towards depreciation on investments</b> |           |           |
| i) Opening balance                                                        | -         | -         |
| ii) Add : Provisions made during the year                                 | -         | -         |
| iii) Less : Write-off / write-back of excess provisions during the year   | -         | -         |
| iv) Closing balance                                                       | -         | -         |

## NOTE 33

**Derivatives**

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

## NOTE 34

**Disclosures relating to Securitisation**

The Company has no securitisation transaction during the current and previous year.

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 35

### Exposure

#### i) Exposure to real estate sector

| Particulars                                                                                                                                                                                                                                                                                                                                                      | 31-Mar-15 | 31-Mar-14 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| <b>1) Direct Exposure</b>                                                                                                                                                                                                                                                                                                                                        |           |           |
| <b>a) Residential Mortgages</b>                                                                                                                                                                                                                                                                                                                                  |           |           |
| Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented.                                                                                                                                                                                                                                         | 216.13    | -         |
| Individual loans upto ₹ 15 lakhs included in 1 (a) above                                                                                                                                                                                                                                                                                                         | 66.46     |           |
| <b>b) Commercial Real Estate</b>                                                                                                                                                                                                                                                                                                                                 |           |           |
| 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. | 24.49     | -         |
| <b>c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:</b> i) Residential<br>ii) Commercial Real Estate                                                                                                                                                                                                                          | -         | -         |
| <b>2 Indirect Exposure</b>                                                                                                                                                                                                                                                                                                                                       |           |           |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)                                                                                                                                                                                                                                                      | -         | -         |

#### ii) Exposure to Capital Market

| Particulars                                                                                                                                                                                                                                                                                                                                                       | 31-Mar-15       | 31-Mar-14     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|
| i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;                                                                                                                                                                     | 1626.42         | 163.59        |
| ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;                                                                                                                    | -               | -             |
| iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;                                                                                                                                                                                          | -               | -             |
| iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | -               | -             |
| v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;                                                                                                                                                                                                                                              | -               | -             |
| vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;                                                                                                                             | -               | -             |
| vii) bridge loans to companies against expected equity flows / issues;                                                                                                                                                                                                                                                                                            | -               | -             |
| viii) all exposures to Venture Capital Funds (both registered and unregistered)                                                                                                                                                                                                                                                                                   | -               | -             |
| <b>Total Exposure to Capital Market</b>                                                                                                                                                                                                                                                                                                                           | <b>1,626.42</b> | <b>163.59</b> |

## NOTE 36:

### Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

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

## NOTE 37

### Provisions and Contingencies

| Particulars                               | 31-Mar-15 | 31-Mar-14 |
|-------------------------------------------|-----------|-----------|
| Provision towards NPA                     | 10.03     | 21.95     |
| Provisions for depreciation on Investment | -         | -         |
| Provision made towards current tax        | 1,424.16  | 991.05    |
| Provision for litigation                  | 4.64      | 9.69      |
| Provision for Standard Assets             | 27.41     | (44.43)   |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE 38

### Draw down from Reserves

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

## NOTES 39

### Concentration of Advances, Exposures and NPAs

#### i) Concentration of Advances

| Particulars                                                                         | 31-Mar-15 | 31-Mar-14 |
|-------------------------------------------------------------------------------------|-----------|-----------|
| Total advances to twenty largest borrowers                                          | 983.67    | 489.34    |
| Percentage of advances to twenty largest borrowers to total advances of the Company | 1.06%     | 0.60%     |

#### ii) Concentration of Exposures

| Particulars                                                                                                           | 31-Mar-15 | 31-Mar-14 |
|-----------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Total exposure to twenty largest borrowers/customers                                                                  | 151.35    | 110.34    |
| Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers | 0.16%     | 0.14%     |

#### iii) Concentration of NPA's

| Particulars                             | 31-Mar-15 | 31-Mar-14 |
|-----------------------------------------|-----------|-----------|
| Total exposure to top four NPA accounts | 7.25      | 7.50      |

#### iv) Sector-wise NPAs

| Particulars                                                                                | 31-Mar-15 | 31-Mar-14 |
|--------------------------------------------------------------------------------------------|-----------|-----------|
| Agriculture & allied activities                                                            | -         | -         |
| MSME Corporate borrowers Services Unsecured personal loans Auto loans Other personal loans | -         | -         |
| Corporate borrowers                                                                        | -         | -         |
| Services                                                                                   | -         | -         |
| Unsecured personal loans                                                                   | -         | -         |
| Auto loans                                                                                 | -         | -         |
| Other personal loans                                                                       | 1,083.69  | 996.27    |

#### v) Movement of NPAs

| Particulars                                                                   | 31-Mar-15 | 31-Mar-14 |
|-------------------------------------------------------------------------------|-----------|-----------|
| I) Net NPAs to Net Advances (%)                                               | 0.98%     | 1.01%     |
| II) Movement of NPAs (Gross)                                                  |           |           |
| a) Opening balance                                                            | 996.27    | 1,200.64  |
| b) Addition during the year                                                   | 87.42     | -         |
| c) Reduction during the year                                                  | -         | 204.37    |
| d) Closing balance                                                            | 1,083.69  | 996.27    |
| III) Movement of NPAs (Net)                                                   |           |           |
| a) Opening balance                                                            | 822.51    | 770.83    |
| b) Addition during the year                                                   | 77.39     | 51.68     |
| c) Reduction during the year                                                  | -         | -         |
| d) Closing balance                                                            | 899.90    | 822.51    |
| IV) Movement of provisions for NPAs (excluding provisions on standard assets) |           |           |
| a) Opening balance                                                            | 173.76    | 429.81    |
| b) Provision made during the year                                             | 10.03     | 21.95     |
| c) Write-off/write-back of excess provisions                                  | -         | (278.00)  |
| d) Closing balance                                                            | 183.79    | 173.76    |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTES 40: Customer Complaints

### i) Concentration of Advances

| Particulars                                            | March 31, 2015 | March 31, 2014 |
|--------------------------------------------------------|----------------|----------------|
| No. of complaints pending at the beginning of the year | 91             | 150            |
| No. of complaints received during the year             | 3,392          | 7,064          |
| No. of complaints redressed during the year            | 3,340          | 7,123          |
| No. of complaints pending at the end of the year       | 143            | 91             |

## NOTE 41 Miscellaneous

- i) Registration obtained from other financial sector regulators  
The Company is not registered with any other financial sector regulators.
- ii) Disclosure of Penalties imposed by RBI and other regulators  
No penalties have been imposed by RBI and other Regulators during the year ended March 31, 2015 and March 31, 2014.
- iii) Ratings assigned by credit rating agencies and migration of ratings during the year

| Credit rating Agency | Type of Facility                      | ₹ In Million | Rating           |
|----------------------|---------------------------------------|--------------|------------------|
| Brickwork            | Non-Convertible debentures            | 2,500        | BWRA+ to BWR AA- |
| CRISIL               | Bank Loan Facility                    | 14,000       | A+/ Stable       |
|                      | Non-Convertible Debenture             | 24,470       | A+/ Stable       |
|                      | Short Term Debt                       | 15,000       | CRISIL A1+       |
| ICRA                 | Non-Convertible Debentures            | 4,230        | [ICRA]A+(Stable) |
|                      | Bank Loan Facility.                   | 17,860       | [ICRA]A+(Stable) |
|                      | Short term fund based bank facilities | 14,990       | [ICRA]A1+        |
| CARE                 | Non-Convertible Debentures            | 2,000        | CARE A+          |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE: 42

Additional disclosures as required by circular no DNBS.CC.PD.No.265/03.10.01/2011-2012 dated March 21, 2012 issued by the Reserve Bank of India:

| Particulars                                             | March 31, 2015 | March 31, 2014 |
|---------------------------------------------------------|----------------|----------------|
| Total Gold loan portfolio                               | 92,244.72      | 81,552.37      |
| Total Assets                                            | 113,321.80     | 108,383.82     |
| Gold loan portfolio as a percentage age of total assets | 81%            | 75%            |

## NOTE: 43

Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:

| Year      | Number of Loan Accounts | Principal Amount outstanding at the dates of auctions<br>(A) | Interest Amount outstanding at the dates of auctions<br>(B) | Total (A+B) | Value fetched |
|-----------|-------------------------|--------------------------------------------------------------|-------------------------------------------------------------|-------------|---------------|
| 31-Mar-15 | 347,845                 | 11,887.34                                                    | 4,117.00                                                    | 16,004.34   | 13,544.98     |
| 31-Mar-14 | 566,116                 | 22,872.71                                                    | 8,469.80                                                    | 31,342.51   | 26,100.19     |

### Note:

No sister concerns participated in the auctions during the year ended March 31, 2015 and March 31, 2014.

|                                        | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 44</b>                        |                         |                         |
| <b>Expenditure in foreign currency</b> |                         |                         |
| Travel                                 | 0.27                    | 1.90                    |
| Training expenses                      | -                       | 0.47                    |
|                                        | <b>0.27</b>             | <b>2.37</b>             |

|                                        | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 45</b>                        |                         |                         |
| <b>Value of imports on C.I.F basis</b> | -                       | -                       |
| Capital goods                          | -                       | -                       |

# Notes

to the financial statements for the year ended March 31, 2015

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

## NOTE: 46

### Under Recovery of Interest Income

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2015, the Company has not recognized interest income aggregating to ₹ 773.90 (March 31, 2014 ₹ 881.71).

## NOTE: 47

During the year there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations / cash embezzlements have occurred for amounts aggregating an amount of ₹ 69.23 (March 31, 2014 ₹ 127.66) of which the Company has recovered ₹ 8.87 (March 31, 2014 ₹ 64.78). The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to ₹ 42.98 (March 31, 2014 ₹ 52.97) towards these losses based on its estimate.

## NOTE: 48

### Utilisation of proceeds of public issue.

During the current year, the Company has raised ₹ 2,785.52 (March 31, 2014 ₹ 4,000 including ₹ 2,000 representing application money towards redeemable non-convertible debenture pending allotment) by way of public issue of Secured Non Convertible Debentures (public issue) to be utilised to meet its various financing activities including lending and investment and towards business operations including Capital expenditure and working capital requirements. As at March 31, 2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer document.

## NOTE: 49

### Expenditure on Corporate Social Responsibility (CSR)

For the year ended March 31, 2015 the Company has incurred expenditure of ₹ 43.38 as compared to expenditure required to be spent under section 135 of the Act of ₹ 101.78 resulting in a shortfall of ₹ 58.40. Refer to the Director's report for details on the same.

## NOTE: 50

### Previous year figures

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

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2015

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

|                                                                                                          | March 31, 2015 | March 31, 2014 |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                                            |                |                |
| <b>Net profit before taxation</b>                                                                        | 4,124.28       | 3,430.50       |
| Depreciation and amortization                                                                            | 538.81         | 638.95         |
| (Profit)/loss on sale of fixed assets                                                                    | (6.50)         | (4.82)         |
| Net gain on sale of current investments                                                                  | (77.20)        | (169.49)       |
| Interest Income                                                                                          | (117.70)       | (229.53)       |
| Interest Expense                                                                                         | 8,416.43       | 10,020.75      |
| Provision for standard assets                                                                            | 27.41          | (44.43)        |
| Bad debts/advances written off / provision for non performing assets and provision for doubtful advances | 247.17         | 513.10         |
| Provision for Litigation claim                                                                           | 4.64           | 9.69           |
| <b>Operating profit before working capital changes</b>                                                   | 13,157.34      | 14,164.72      |
| Movements in working capital :                                                                           |                |                |
| Increase/ (decrease) in trade payable                                                                    | (119.79)       | (48.96)        |
| Increase/ (decrease) in other current liabilities and provisions                                         | (589.57)       | (1,840.23)     |
| Decrease / (increase) in long-term loans and advances                                                    | (309.49)       | (120.60)       |
| Decrease / (increase) in short-term loans and advances                                                   | (11,067.77)    | 17,606.52      |
| Decrease / (increase) in other current assets                                                            | (13.60)        | 751.61         |
| Increase / (decrease) in Other long term liabilities                                                     | 23.74          | (20.17)        |
| <b>Cash generated from / (used in) operations</b>                                                        | 1,080.86       | 30,492.89      |
| Direct taxes paid (net of refunds)                                                                       | (1,378.47)     | (1,257.99)     |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                                            | (297.61)       | 29,234.90      |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                           |                |                |
| Purchase of fixed assets, including CWIP                                                                 | (246.83)       | (258.66)       |
| Proceeds from sale of fixed assets                                                                       | 8.44           | 9.48           |
| Purchase of current investments                                                                          | (1,625.46)     | (7,473.65)     |
| Purchase of non current investments                                                                      | (1,456.83)     | (163.56)       |
| Sale of current investments                                                                              | 7,484.50       | 6,662.80       |
| Redemption/ maturity of bank deposits (having original maturity of more than three months)               | 1,838.88       | 3,562.24       |
| Investments in bank deposits (having original maturity of more than three months)                        | (925.76)       | (2,588.78)     |
| Interest received                                                                                        | 181.15         | 239.05         |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                                            | 5,258.09       | (11.08)        |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                           |                |                |
| Proceeds from Institutional debentures (long term)                                                       | -              | 100.00         |
| Repayment of Institutional debentures (long term)                                                        | (1,227.04)     | (3,042.14)     |
| Proceeds from issuance of public debentures                                                              | 4,785.52       | 2,000.00       |
| Repayment of Public debentures                                                                           | (455.61)       | (2,987.32)     |
| Repayment of Institutional debentures (short term)                                                       | -              | (999.79)       |
| Proceeds from Retail Debenture                                                                           | 50.00          | 2,730.40       |
| Repayment of Retail Debenture                                                                            | (2,565.61)     | (3,354.16)     |
| Proceeds from inter corporate deposits                                                                   | -              | 112.50         |
| Repayment of inter corporate deposits                                                                    | (32.50)        | (80.00)        |
| Application money received for issue of redeemable non-convertible debenture                             | (2,000.00)     | 2,008.15       |
| Proceeds from commercial paper                                                                           | 74,654.58      | 19,755.65      |
| Repayment of commercial paper                                                                            | (73,748.44)    | (20,462.19)    |
| Proceed from Vehicle Loan                                                                                | -              | 2.13           |
| Repayment of Vehicle Loan                                                                                | (3.38)         | (4.43)         |
| Repayment of Subordinate Debt                                                                            | (531.85)       | (387.11)       |
| Proceed from Term loan from Bank                                                                         | 110,840.00     | 57,110.00      |
| Repayment of Term Loan from Banks                                                                        | (83,364.17)    | (66,270.21)    |
| Proceeds from Borrowings from others                                                                     | 58.76          | 750.00         |
| Repayment of Borrowings from others                                                                      | (1,895.20)     | (2,767.72)     |

# Cash Flow Statement

for the year ended March 31, 2015

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

|                                                                         | March 31, 2015    | March 31, 2014     |
|-------------------------------------------------------------------------|-------------------|--------------------|
| Proceeds / (Repayment) in working capital bank borrowings (net)         | (20,600.76)       | (2,400.37)         |
| Interest Expense paid                                                   | (8,143.68)        | (9,712.17)         |
| Dividends paid                                                          | (1,135.64)        | (1,135.65)         |
| Tax on dividend paid                                                    | (215.71)          | (193.00)           |
| <b>Net cash flow from/ (used in) financing activities (C)</b>           | <b>(5,530.73)</b> | <b>(29,227.43)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b> | <b>(570.25)</b>   | <b>(3.61)</b>      |
| Cash and cash equivalents at the beginning of the year                  | 6,469.96          | 6,473.57           |
| <b>Cash and cash equivalents at the end of the year</b>                 | <b>5,899.71</b>   | <b>6,469.96</b>    |
| <b>Components of cash and cash equivalents</b>                          |                   |                    |
| Cash on hand                                                            | 1,517.30          | 1,221.67           |
| With banks                                                              |                   |                    |
| - in current account                                                    | 3,862.77          | 2,635.80           |
| - in deposit account                                                    | 105.00            | 140.00             |
| - in escrow account*                                                    |                   |                    |
| NCD public issue application money                                      | -                 | 2,008.15           |
| Unpaid matured deposit account                                          | 0.07              | 0.22               |
| Unpaid auction surplus deposit                                          | 390.21            | 443.60             |
| Unpaid dividend account                                                 | 24.36             | 20.52              |
| <b>Total cash and cash equivalents (note 15)</b>                        | <b>5,899.71</b>   | <b>6,469.96</b>    |

\*The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.

As per our report of even date

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

## Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015)

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

(₹ in millions)

| SI No                     | Particulars                                                                                                                | Amount<br>Outstanding | Amount<br>Overdue |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------|
| <b>Liabilities side :</b> |                                                                                                                            |                       |                   |
| <b>(1)</b>                | <b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b> |                       |                   |
| (a)                       | Debentures : Secured                                                                                                       | 11,616.17             |                   |
|                           | : Unsecured                                                                                                                | -                     |                   |
|                           | (other than falling within the meaning of public deposits*)                                                                |                       |                   |
| (b)                       | Deferred Credits                                                                                                           | -                     |                   |
| (c)                       | Term Loans                                                                                                                 | 11,818.64             |                   |
| (d)                       | Inter-corporate loans and borrowing                                                                                        | 994.06                |                   |
| (e)                       | Commercial Paper                                                                                                           | -                     |                   |
| (f)                       | Other Loans:                                                                                                               |                       |                   |
|                           | Subordinate bond                                                                                                           | 3,800.04              |                   |
|                           | Bank                                                                                                                       | 52,032.75             |                   |
|                           | Others                                                                                                                     | 58.76                 |                   |

| SI No                | Particulars                                                                                                 | Amount<br>Outstanding |
|----------------------|-------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Assets side :</b> |                                                                                                             |                       |
| <b>(2)</b>           | <b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b> |                       |
| (a)                  | Secured                                                                                                     | 92,693.45             |
| (b)                  | Unsecured                                                                                                   | 0.05                  |
| <b>(3)</b>           | <b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>         |                       |
| (i)                  | Lease assets including lease rentals under sundry debtors :                                                 |                       |
| (a)                  | Financial lease                                                                                             | -                     |
| (b)                  | Operating lease                                                                                             | -                     |
| (ii)                 | Stock on hire including hire charges under sundry debtors:                                                  |                       |
| (a)                  | Assets on hire                                                                                              | -                     |
| (b)                  | Repossessed Assets                                                                                          | -                     |
| (iii)                | Other loans counting towards AFC activities                                                                 |                       |
| (a)                  | Loans where assets have been repossessed                                                                    | -                     |
| (b)                  | Loans other than (a) above                                                                                  | -                     |

## Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015)

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

| SI No | Particulars                      | Amount Outstanding |
|-------|----------------------------------|--------------------|
| (4)   | <b>Break-up of Investments :</b> |                    |
|       | <b>Current Investments:</b>      |                    |
| 1     | <b>Quoted :</b>                  |                    |
| (i)   | Shares : (a) Equity              | -                  |
|       | (b) Preference                   | -                  |
| (ii)  | Debentures and Bonds             | -                  |
| (iii) | Units of mutual funds            | -                  |
| (iv)  | Government Securities            | -                  |
| (v)   | Others                           | -                  |
| 2     | <b>Unquoted :</b>                |                    |
| (i)   | Shares : (a) Equity              | -                  |
|       | (b) Preference                   | -                  |
| (ii)  | Debentures and Bonds             |                    |
| (iii) | Units of mutual funds            | 642.74             |
| (iv)  | Government Securities            | -                  |
| (v)   | Others (CD's)                    | 1,475.46           |
|       | <b>Long Term investments:</b>    |                    |
| 1     | <b>Quoted :</b>                  |                    |
| (i)   | Shares : (a) Equity              | -                  |
|       | (b) Preference                   | -                  |
| (ii)  | Debentures and Bonds             | -                  |
| (iii) | Units of mutual funds            | -                  |
| (iv)  | Government Securities            | -                  |
| (v)   | Others                           | -                  |
| 2     | <b>Unquoted :</b>                |                    |
| (i)   | Shares : (a) Equity              | 1,626.42           |
|       | (b) Preference                   | -                  |
| (ii)  | Debentures and Bonds             | 50.00              |
| (iii) | Units of mutual funds            | -                  |
| (iv)  | Government Securities            | -                  |
| (v)   | Others                           | -                  |

## Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015)

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

**(5) Borrower group-wise classification of assets financed as in (3) and (4) above :**  
Please see Note 2 below

| Category                        | Amount net of provisions |             |                  |
|---------------------------------|--------------------------|-------------|------------------|
|                                 | Secured                  | Unsecured   | Total            |
| 1. Related Parties **           |                          |             |                  |
| (a) Subsidiaries                |                          |             |                  |
| (b) Companies in the same group |                          |             |                  |
| (c) Other related parties       |                          |             |                  |
| 2. Other than related parties   | 92,693.45                | 0.05        | 92,693.50        |
| <b>Total</b>                    | <b>92,693.45</b>         | <b>0.05</b> | <b>92,693.50</b> |

\*\* As per Accounting Standard of ICAI (please see Note 3)

**(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Please see note 3 below

| Category                        | Market Value / Break up or<br>fair value or NAV | Book Value (Net of<br>Provisions) |
|---------------------------------|-------------------------------------------------|-----------------------------------|
| 1. Related Parties **           | 1,626.39                                        | 1,626.39                          |
| (a) Subsidiaries                |                                                 |                                   |
| (b) Companies in the same group |                                                 |                                   |
| (c) Other related parties       |                                                 |                                   |
| 2. Other than related parties   | 2,168.23                                        | 2,168.23                          |
| <b>Total</b>                    | <b>3,794.62</b>                                 | <b>3,794.62</b>                   |

## Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015)

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

### (7) Other Information :

|                                         | Amount outstanding |
|-----------------------------------------|--------------------|
| (i) Gross Non-Performing Assets         |                    |
| (a) Related parties                     | -                  |
| (b) Other than related parties          | 1,083.69           |
| (ii) Net Non-Performing Assets          |                    |
| (a) Related parties                     | -                  |
| (b) Other than related parties          | 899.90             |
| Assets acquired in satisfaction of debt | -                  |

### Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Independent Auditor's Report

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

To  
 The Members of  
**Manappuram Finance Limited**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Manappuram Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2015, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by section 143 (3) of the Act, we report to the extent applicable that:
  - We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
  - In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

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

- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 27 to the Consolidated Financial Statements;
  - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 9 to the Consolidated Financial Statements in respect of such items as it relates to the Group; and

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

## OTHER MATTERS

- (a) The accompanying Consolidated Financial Statements include total assets of ₹ 3,688.02 million as at March 31, 2015, and total revenues and net cash flows of ₹ 121.52 million and ₹178.50 million for the year ended on that date, in respect of a subsidiary which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Bharath NS  
Partner  
Membership Number: 210934

Place : Chennai  
Date: May 14, 2015

# Independent Auditor's Report

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

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

- (i) (a) The Holding Company and the covered entities of the Group have 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 Group and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The business of the Holding Company and the covered entities of the Group does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Holding Company and the covered entities of the Group.
- (iii) According to the information and explanations given to us and as reported by the other auditors who audited the financial statements of certain entities of the Group, the Holding Company and the covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and covered entities of the Group and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements of certain covered entities of the Group, there is an adequate internal control system commensurate with the size of the Holding Company and the covered entities of the Group and the nature of its businesses, for the purchase fixed assets and for the sale of goods and services to the extent applicable to the nature of the business of the Holding Company and covered entities of the Group. During the course of our audit and as reported by the other auditors who audited the financial statements of certain covered entities of the Group, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the covered entities of the Group in respect of these areas. The activities of the Holding Company and the covered entities of the Group do not involve purchase of inventory and the sale of goods.
- (v) The Holding Company and the covered entities of the Group have not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained as reported by the other auditors who audited the financial statements of certain covered entities of the Group, the Holding Company and the covered entities of the Group are not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Holding Company and the covered entities of the Group.
- (vii) (a) The Holding Company and the covered entities of the Group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, value added tax, cess and other material statutory dues as applicable to the respective covered entities. The provisions relating to customs duty is not applicable to the Group.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company and covered entities of the Group.

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

- (c) According to the records of the Holding Company and the covered entities of the Group and as reported by other auditors who audited the financial statements of certain covered entities in the Group, there are no dues outstanding of wealth tax, excise duty and cess on account of any dispute. The dues outstanding of service tax, income tax and sales-tax on account of a dispute are as follows:

| Name of the Statute                 | Nature of dues | Period of dispute        | Amount due<br>₹ in mil                | Amount paid<br>under protest<br>₹ in mil | Forum where it is pending                                |
|-------------------------------------|----------------|--------------------------|---------------------------------------|------------------------------------------|----------------------------------------------------------|
| Finance Act, 1994                   | Service Tax    | FY 2001-02 to<br>2007-08 | 2.99 (including<br>penalty of 2.24)   | -                                        | Commissioner Central Excise<br>and Service Tax (Appeals) |
| Kerala Value Added Tax<br>Act, 2003 | VAT            | FY 2010-11               | 6.97 (including<br>interest of 0.77)  | 2.07                                     | Deputy Commissioner<br>(Appeals)                         |
| Kerala Value Added Tax<br>Act, 2003 | VAT            | FY 2011-12               | 14.37 (including<br>interest of 1.28) | 5.75                                     | Deputy Commissioner<br>(Appeals)                         |
| AP Value Added Tax<br>Act, 2005     | VAT            | FY-2011-12               | 5.60 (including<br>penalty of 1.12)   | 2.80                                     | Appellate Deputy Commissioner<br>(CT)                    |
| Finance Act, 1994                   | Service Tax    | FY 2004-05 to<br>2007-08 | 3.05                                  | -                                        | Commissioner Central Excise<br>and Service Tax (Appeals) |
| Finance Act, 1994                   | Service Tax    | FY 2008-09               | 0.37 (including<br>penalty of 0.19)   | -                                        | Commissioner Central Excise<br>and Service Tax (Appeals) |
| Income Tax Act, 1961                | Income tax     | FY 2011-12               | 7.72                                  | -                                        | Commissioner of Income tax<br>(Appeals)                  |

- (d) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements of certain covered entities, of the Group, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time to the extent applicable to the Holding Company and covered entities
- (viii) The Holding Company and the covered entities of the Group have no accumulated losses at the end of the financial year and have not incurred cash losses in the current and immediately preceding financial year. In respect of Holding Company and each of the covered entities of the group that have been registered for a period of more than five years.
- (ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditor who audited the financial statements of certain covered entities, of the Group, we are of the opinion that the Holding Company and covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements of certain covered entities, the Holding Company and the covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management and the report other auditors who audited the financial statements of certain covered entities of the Group, term loans were applied for the purpose for which the loans were obtained by the Holding Company and the covered entities of the Group.
- (xii) As more fully discussed in Note 31 to the Consolidated Financial statements and as informed by the management, we report that, during the year there have been certain instances of fraud on the Group by employees and others, where gold loan related misappropriations / cash embezzlements have occurred for amounts aggregating ₹ 69.23 million of which the Group has recovered ₹ 8.87 million. The Group is in the process of recovering these amounts from the employees/Insurance companies and taking legal actions, where applicable. The Group has created provision aggregating ₹ 42.98 million in respect of these matters

For S.R. Batliboi &amp; Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Bharath NS

Partner

Place : Chennai

Date: May 14, 2015

Membership Number: 210934

# Consolidated Balance Sheet

as at March 31, 2015

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

|                                                               | Note No. | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---------------------------------------------------------------|----------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                                 |          |                         |                         |
| <b>Shareholders' funds</b>                                    |          |                         |                         |
| Share capital                                                 | 3        | 1,682.41                | 1,682.41                |
| Reserves and surplus                                          | 4        | 24,645.58               | 23,235.02               |
|                                                               |          | <b>26,327.99</b>        | <b>24,917.43</b>        |
| <b>Minority Interest</b>                                      |          |                         |                         |
| Preference shares in subsidiary held by minority shareholders |          | 153.87                  | -                       |
|                                                               |          | 50.00                   | -                       |
| <b>Non-current liabilities</b>                                |          |                         |                         |
| Long-term borrowings                                          | 5        | 16,419.14               | 14,546.36               |
| Other long term liabilities                                   | 6        | 1,093.93                | 2,725.63                |
| Long-term provisions                                          | 9        | 7.22                    | -                       |
|                                                               |          | <b>17,520.29</b>        | <b>17,271.99</b>        |
| <b>Current liabilities</b>                                    |          |                         |                         |
| Short-term borrowings                                         | 7        | 52,997.65               | 52,127.93               |
| Trade Payables                                                | 8        | 259.22                  | 363.43                  |
| Other current liabilities                                     | 8        | 18,349.15               | 12,707.74               |
| Short-term provisions                                         | 9        | 504.62                  | 996.10                  |
|                                                               |          | <b>72,110.64</b>        | <b>66,195.20</b>        |
| <b>TOTAL</b>                                                  |          | <b>116,162.79</b>       | <b>108,384.62</b>       |
| <b>ASSETS</b>                                                 |          |                         |                         |
| <b>Non-current assets</b>                                     |          |                         |                         |
| Fixed assets                                                  |          | 1,682.28                | 1,911.21                |
| Tangible assets                                               | 10A      | 43.23                   | 62.14                   |
| Intangible assets                                             | 10B      | 11.01                   | 45.22                   |
| Capital work-in-progress                                      |          | 329.85                  | 47.97                   |
| Goodwill on consolidation                                     |          | 50.53                   | 50.03                   |
| Non-current investments                                       | 11A      | 309.78                  | 288.97                  |
| Deferred tax assets (net)                                     | 12       | 1,575.61                | 548.76                  |
| Long-term loans and advances                                  | 13       | 1,475.88                | 1,364.22                |
| Other Non current assets                                      | 14       | <b>5,478.17</b>         | <b>4,318.52</b>         |
| <b>Current assets</b>                                         |          |                         |                         |
| Current investments                                           | 11B      | 2,118.20                | 7,906.04                |
| Cash and bank balances                                        | 15       | 7,926.33                | 8,444.68                |
| Short-term loans and advances                                 | 13       | 94,645.77               | 81,870.98               |
| Other current assets                                          | 14       | 5,994.32                | 5,844.40                |
|                                                               |          | <b>110,684.62</b>       | <b>104,066.10</b>       |
| <b>TOTAL</b>                                                  |          | <b>116,162.79</b>       | <b>108,384.62</b>       |
| Summary of significant accounting policies                    | 2.1      |                         |                         |

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

As per our report of even date

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

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

|                                                          | Notes | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------------------|-------|------------------------------|------------------------------|
| <b>INCOME</b>                                            |       |                              |                              |
| Revenue from operations                                  | 16    | 19,864.22                    | 21,004.62                    |
| Other income                                             | 17    | 70.05                        | 113.65                       |
| <b>Total revenue</b>                                     |       | <b>19,934.27</b>             | <b>21,118.27</b>             |
| <b>EXPENSES</b>                                          |       |                              |                              |
| Finance costs                                            | 18    | 8,774.14                     | 10,266.01                    |
| Employee benefits expense                                | 19    | 3,145.37                     | 3,235.47                     |
| Other expenses                                           | 20    | 3,337.80                     | 3,547.59                     |
| Depreciation and amortization expense                    | 21    | 540.23                       | 638.95                       |
| <b>Total Expenses</b>                                    |       | <b>15,797.54</b>             | <b>17,688.02</b>             |
| <b>Profit before tax</b>                                 |       | <b>4,136.73</b>              | <b>3,430.25</b>              |
| <b>Tax expenses</b>                                      |       |                              |                              |
| Current tax                                              |       | 1,432.86                     | 991.10                       |
| Deferred tax                                             |       | (10.90)                      | 179.34                       |
| <b>Total tax expense</b>                                 |       | <b>1,421.96</b>              | <b>1,170.44</b>              |
| Profit for the year before minority interest             |       | 2,714.77                     | 2,259.81                     |
| Less : Minority interest - Share of profit               |       | 1.60                         | -                            |
| Profit for the year                                      |       | 2,713.17                     | 2,259.81                     |
| Earnings per equity share [nominal value of share ₹ 2/-] | 22    |                              |                              |
| Basic earnings per share (₹ /-)                          |       | 3.23                         | 2.69                         |
| Diluted earnings per share (₹ /-)                        |       | 3.23                         | 2.69                         |
| Summary of significant accounting policies               | 2.1   |                              |                              |

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

As per our report of even date

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE: 1

### 1) Nature of operations

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Non Banking Finance Company ('NBFC'), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,293 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

The Company has two subsidiaries, Manappuram Home Finance (formerly, Milestone Home Finance Company Private Limited ('MHF') and Asirvad Microfinance Private Limited ('Asirvad') which are incorporated in India. The Company along with the Subsidiaries is collectively referred to as "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987. The Company acquired 100% share capital of MHF on March 12, 2014.

Asirvad, was incorporated in the year 2007. Asirvad is a Micro finance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934. The Company acquired 75% share capital of Asirvad on February 12, 2015. The Company has made further investment and the shareholding as at March 31, 2015 was 84.98%.

The Consolidated Financial Statements ('the CFS') relate to the Group. The CFS has been prepared in accordance with (AS-21) "Consolidated Financial Statements", under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

The subsidiaries companies considered in this CFS are:

| Name of the Company                     | Relationship | Country of Incorporation | Proportion of ownership interest |
|-----------------------------------------|--------------|--------------------------|----------------------------------|
| Manappuram Home Finance Private Limited | Subsidiary   | India                    | 100%                             |
| Asirvad Microfinance Private Limited    | Subsidiary   | India                    | 84.98%                           |

### 2) Basis of preparation

- a) The CFS of the Group has been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The management has prepared these CFS to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the guidelines issued by the Reserve Bank of India as applicable to a non deposit

accepting NBFC and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.

The accounting policies adopted in the preparation of CFS are consistent with those of previous year, except for the change in accounting policy explained below.

- b) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2015 and Statement of profit and loss and cash flows of the Company and its Subsidiaries for the year ended March 31, 2015.
- c) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2015.
- d) All material inter-company transactions and balances between the entities have been eliminated in the CFS.
- e) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.
- f) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill being an asset in the CFS.
- g) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

### 2.1) Statement of significant accounting policies

#### a) Change in accounting policy

##### Depreciation of fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

##### Useful lives/depreciation rates

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

## Depreciation on assets costing less than ₹ 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. To comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciation of assets costing less than ₹ 5,000/- over their useful life as assessed by the management.

Had the Group continued to follow the earlier useful life, the depreciation expense for the period would have been lower by ₹ 63.14, profit before tax would have been higher by ₹ 63.14 and the net block of fixed assets would have been higher by ₹ 63.14.

### b) Use of estimates

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

### c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

### d) Depreciation

Depreciation is provided using straight line method (except for one of the subsidiaries, which is following written down value method) at the following rates, which is management's estimate of the useful lives of the assets:

| Nature of asset         | Useful life in years |
|-------------------------|----------------------|
| Computer equipment      |                      |
| - End user equipment    | 3                    |
| - Server*               | 3-6                  |
| Furniture and fixtures  |                      |
| - Safe and strong rooms | 10                   |
| - Others*               | 3-10                 |
| Office equipment *      | 3-10                 |
| Buildings               | 30                   |
| Vehicles                | 8                    |
| Plant & machinery       | 15                   |

\*The Group has estimated useful life which is different for Schedule II useful life's based on technical advice obtained by the management.

### e) Intangible assets – Computer software & licenses

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

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

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

### f) Impairment of tangible and intangible assets

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

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

### g) Leases

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.

### h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Any inter class transfer should be with the approval of the board and as per RBI regulation.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme.

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.

## i) Revenues

### Interest Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Group recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after they become overdue in respect of standard gold loans accounts are reversed based on Management's estimate of ultimate realisation of the underlying security.

### Income on securitization

In respect of the receivables securitized / assigned, losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenor of the transaction. Reversal of gains proportionate to the amount prepaid by the borrowers is also provided for during the year of prepayment.

### Others

Commission income on marketing of products is recognised accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement

Revenues from fee-based activities are recognized as and when services are rendered.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Fee income on loans sourced on behalf of other business partners is recognized on accrual basis according to the terms of the agreement.

Loan processing fee is recognized up front by the Group except in one subsidiary where loan processing fee is recognized over the life of the loan on a straight line basis.

## j) Employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Group has no obligation payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as the liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year.

iii. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

iv. Employee stock compensation cost - Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

## k) Leave benefit plan

The Holding Company with effect from April 1, 2014 had curtailed the leave encashment plan, consequent to which, the employees cannot encash the leave credit devolving on them from April 1, 2014. Further, no carryforward of accumulated leave is allowed. Consequent to such change in the leave policy, no accrual for leave benefit has been considered in the financial statements for the current year.

## l) Foreign currency transactions

### (i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous CFS, are recognized as income or as expenses in the year in which they arise.

**m) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

**n) Income Tax**

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

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

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

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

**o) 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.

**p) Provisions**

(i) A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

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

(ii) Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

**q) Segment reporting**

The Group operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic.

**r) 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.

**s) Ancillary borrowing costs**

Ancillary borrowings costs incurred for the issue of debentures and other long term borrowings are expensed over the tenure of the loan.

**t) Securities issue expenses**

Expenses incurred in connection with issue of shares are adjusted (net of tax effects, if any) against the securities premium account in accordance with Section 52 of the Companies Act, 2013.

Public issue expenses incurred in connection with issue of debentures are amortized over the term of the debenture.

**u) Insurance claims**

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Group re-assesses the claims made at each reporting period for recoverability.

**v) Surplus on auction of pledged gold**

The Group has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Group in accordance with the terms of the agreement with the customers.

**w) Expenditure on Corporate Social Responsibility (CSR)**

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

**x) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the CFS as there is no indication of the uncertainties relating to any outflow.

**y) Goodwill on acquisition**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized in statement of profit loss.

**2.2) In respect of the following components of Consolidated Financial Statements, it is not practicable to align the accounting policies followed by a subsidiary Company**

| Components of consolidated financial statements | Particulars                                                                                                                                                   | March 31, 2015 | % of the total component | March 31, 2014 | % of the total component |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------|----------------|--------------------------|
| Depreciation                                    | One of the subsidiaries have provided depreciation on written down value method as against straight line method followed by the Company                       | 1.32           | 0.25%                    | Nil            | Nil                      |
| Accumulated depreciation                        | One of the subsidiaries have provided depreciation on written down value method as against straight line method followed by the Group                         | 19.10          | 0.82%                    | Nil            | Nil                      |
| Loan processing fees                            | One of the subsidiaries recognizes loan processing fee on straight line basis over the tenor of the loan as against upfront recognition followed by the Group | 5.60           | 5.17%                    | Nil            | Nil                      |
| Income received in advance (unearned revenue)   | One of the subsidiaries recognizes loan processing fee on straight line basis over the tenor of the loan as against upfront recognition followed by the Group | 56.42          | 100%                     | Nil            | Nil                      |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                     | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 3</b>                                                                      |                         |                         |
| <b>Share Capital</b>                                                                |                         |                         |
| <b>Authorized shares</b>                                                            |                         |                         |
| 980,000,000 (March 31, 2014: 980,000,000) equity shares of ₹ 2/- each               | 1,960.00                | 1,960.00                |
| 400,000 (March 31, 2014: 400,000) redeemable preference shares of ₹ 100/- each      | 40.00                   | 40.00                   |
| <b>Issued, subscribed and fully paid-up shares</b>                                  |                         |                         |
| Equity shares 841,207,136 (March 31, 2014: 841,207,136) equity shares of ₹ 2/- each | 1,682.41                | 1,682.41                |
| <b>Total issued, subscribed and fully paid-up share capital</b>                     | <b>1,682.41</b>         | <b>1,682.41</b>         |

**a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year**

|                                           | March 31, 2015 |                 | March 31, 2014 |                 |
|-------------------------------------------|----------------|-----------------|----------------|-----------------|
|                                           | No. millions   | (₹ in millions) | No. millions   | (₹ in millions) |
| At the beginning of the year              | 841.20         | 1,682.41        | 841.20         | 1,682.41        |
| <b>Outstanding at the end of the year</b> | <b>841.20</b>  | <b>1,682.41</b> | <b>841.20</b>  | <b>1,682.41</b> |

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2015, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.35 per share (31 March 2014: ₹ 1.80/- per share).

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

**c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

|                                                                                                                                            | March 31, 2015<br>No. millions | March 31, 2014<br>No. millions |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve. | 614.56                         | 614.56                         |

In addition, the Company has issued 11,213,880 equity shares (March 31, 2014: 11,213,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

**d. Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹ 2/- each fully paid)**

|                                      | March 31, 2015 |                        | March 31, 2014 |                        |
|--------------------------------------|----------------|------------------------|----------------|------------------------|
|                                      | No. millions   | % holding in the class | No. millions   | % holding in the class |
| Mr.Nandakumar V P                    | 222.54         | 26.45                  | 217.41         | 25.85                  |
| Ms Sushama Nandakumar                | 48.00          | 5.71                   | 48.00          | 5.71                   |
| Baring India Private Equity Fund III | 79.36          | 9.43                   | 79.36          | 9.43                   |
| Smallcap World Fund Inc              | 54.93          | 6.53                   | 54.93          | 6.53                   |
| Hudson Equity Holdings Ltd           | 44.55          | 5.30                   | 44.55          | 5.30                   |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                                     | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 4</b>                                                                                      |                         |                         |
| <b>Reserves and Surplus</b>                                                                         |                         |                         |
| <b>Securities premium account</b>                                                                   |                         |                         |
| Balance as per the last Consolidated financial statements                                           | 13,699.17               | 13,699.17               |
| <b>Closing Balance</b>                                                                              | <b>13,699.17</b>        | <b>13,699.17</b>        |
| <b>Statutory reserve</b>                                                                            |                         |                         |
| Balance as per the last Consolidated Financial Statements                                           | 3,067.88                | 2,615.86                |
| Add: On acquisition                                                                                 | 48.74                   |                         |
| Add: Transfer to Reserve fund as per RBI Act, 1934                                                  | 541.78                  | 452.02                  |
| <b>Closing Balance</b>                                                                              | <b>3,658.40</b>         | <b>3,067.88</b>         |
| <b>Debenture Redemption reserve</b>                                                                 |                         |                         |
| Balance as per the last Consolidated Financial Statements                                           | 113.90                  | 1,493.66                |
| Add: amount transferred from surplus balance in the Statement of Profit and Loss (refer note 4 (b)) | 435.14                  | 113.90                  |
| Less: Reversal of debenture redemption reserve                                                      | -                       | (1,493.66)              |
| <b>Closing Balance</b>                                                                              | <b>549.04</b>           | <b>113.90</b>           |
| <b>General reserve</b>                                                                              |                         |                         |
| Balance as per the last Consolidated Financial Statements                                           | 3,885.08                | 2,165.41                |
| Add: amount transferred from surplus balance in the Statement of Profit and Loss                    | -                       | 226.01                  |
| Add: amount transferred from debenture redemption reserve.                                          | -                       | 1,493.66                |
| <b>Closing Balance</b>                                                                              | <b>3,885.08</b>         | <b>3,885.08</b>         |
| <b>Surplus/(deficit) in the Consolidated Statement of Profit and Loss</b>                           |                         |                         |
| Balance as per the last Consolidated Financial Statements                                           | 2,468.99                | 2,772.63                |
| Profit for the year                                                                                 | 2,713.17                | 2,259.81                |
| <b>Less: Appropriations</b>                                                                         |                         |                         |
| Transfer to debenture redemption reserve                                                            | 435.14                  | 113.90                  |
| Proposed final equity dividend (amount per share ₹ Nil /-(March 31, 2014: 0.45/-))                  | -                       | 378.54                  |
| Interim dividend on equity shares                                                                   | 1,135.64                | 1,135.65                |
| Tax on proposed equity dividend                                                                     | -                       | 64.33                   |
| Tax on interim dividend on equity shares                                                            | 215.71                  | 193.00                  |
| Transfer to Statutory reserve                                                                       | 541.78                  | 452.02                  |
| Transfer to general reserve                                                                         | -                       | 226.01                  |
| Total appropriations                                                                                | 2,328.27                | 2,563.45                |
| <b>Net surplus in the Consolidated statement of Profit and Loss</b>                                 | <b>2,853.89</b>         | <b>2,468.99</b>         |
| <b>Total reserves and surplus</b>                                                                   | <b>24,645.58</b>        | <b>23,235.02</b>        |

## Notes:

- Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.
- In respect of the debentures issued through public issue, the Company maintains DRR at higher of 25% of the value of such debentures due for redemption in the following financial year or 25% of the prorata amount calculated based on the weighted average maturity of the debentures issued through public issue outstanding at the balance sheet date. The Company has created DRR of ₹ 549.04 as at March 31, 2015(Previous Year ₹ 113.90). The Company subsequent to the year-end has deposited a sum of ₹ 255.13 (previous year ₹ 68.34) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                      | Non-current portion |                  | Current maturities |                  |
|----------------------------------------------------------------------|---------------------|------------------|--------------------|------------------|
|                                                                      | March 31, 2015      | March 31, 2014   | March 31, 2015     | March 31, 2014   |
| <b>NOTE: 5</b>                                                       |                     |                  |                    |                  |
| <b>Long-term borrowings</b>                                          |                     |                  |                    |                  |
| <b>Sub-ordinated debt (Unsecured)</b>                                |                     |                  |                    |                  |
| Subordinate debt from banks                                          | 1,500.00            | 1,500.00         | -                  | -                |
| Subordinate bonds from others                                        | 1,225.30            | 1,800.45         | 575.17             | 531.87           |
| <b>Debentures (Secured)</b>                                          |                     |                  |                    |                  |
| Non-convertible Debentures - Private placement                       | 3,470.28            | 4,855.51         | 1,483.78           | 3,381.62         |
| Non-convertible Debentures - Public issue                            | 4,824.56            | 1,544.39         | 1,505.35           | 455.61           |
| <b>Term loans</b>                                                    |                     |                  |                    |                  |
| Indian rupee loan from banks (secured)                               | 5,077.46            | 4,832.39         | 12,785.91          | 5,762.23         |
| Indian rupee loan from others (secured)                              | 319.19              | -                | 539.06             | 1,125.00         |
| Indian rupee loan from others (Unsecured)                            | -                   | 11.14            | 11.14              | 20.20            |
| Vehicle loans (Secured)                                              | 2.35                | 2.48             | 2.46               | 3.37             |
|                                                                      | <b>16,419.14</b>    | <b>14,546.36</b> | <b>16,902.87</b>   | <b>11,279.90</b> |
| <b>The above amount includes</b>                                     |                     |                  |                    |                  |
| Secured borrowings                                                   | 13,693.84           | 11,234.77        | 16,316.56          | 10,727.83        |
| Unsecured borrowings                                                 | 2,725.30            | 3,311.59         | 586.31             | 552.07           |
| Amount disclosed under the head "other current liabilities" (note 8) | -                   | -                | (16,902.87)        | (11,279.90)      |
| <b>Net amount</b>                                                    | <b>16,419.14</b>    | <b>14,546.36</b> | <b>-</b>           | <b>-</b>         |

## A) Indian rupee loan from banks (secured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2015</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 4-5 years                    | 10.50 -12.25%    | 25.64               | 11,039.73          |
| Due within 1-2 years                    | 12.25 -12.75%    | 4,636.54            | 863.46             |
| Due within 1 year                       | 13.00 -13.25%    | -                   | 217.00             |
| <b>Total</b>                            |                  | <b>4,662.18</b>     | <b>12,120.19</b>   |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 4-5 years                    | 12.00%           | 84.62               | 30.77              |
| Due within 1-2 years                    | 12.75 -13.30%    | 4,747.77            | 529.17             |
| Due within 1 year                       | 12.30 -13.50%    | -                   | 5,202.29           |
| <b>Total</b>                            |                  | <b>4,832.39</b>     | <b>5,762.23</b>    |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

## B) Indian rupee loan from others (secured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1 year                       | 13.50%           | -                   | 1,125.00           |
| <b>Total</b>                            |                  | <b>-</b>            | <b>1,125.00</b>    |

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold with a margin of 15%. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## C) Indian rupee loan from others (Unsecured)

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2015</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1 year                       | 12.30 -13.75 %   | -                   | 11.14              |
| <b>Total</b>                            |                  | <b>-</b>            | <b>11.14</b>       |

| Tenure (from the date of Balance Sheet) | Rate of Interest | Non current portion | Current Maturities |
|-----------------------------------------|------------------|---------------------|--------------------|
| <b>As at March 31, 2014</b>             |                  |                     |                    |
| <b>Terms of repayment</b>               |                  |                     |                    |
| Due within 1-2 years                    | 12.30 -13.75 %   | 11.14               | 20.20              |
| <b>Total</b>                            |                  | <b>11.14</b>        | <b>20.20</b>       |

## D) Vehicle loans (Secured loans)

| Tenure (from the date of Balance Sheet) | Rate of Interest |                        | Total<br>Amount |
|-----------------------------------------|------------------|------------------------|-----------------|
|                                         | < 10%<br>Amount  | >= 10% <=12%<br>Amount |                 |
| <b>As at March 31, 2015</b>             |                  |                        |                 |
| <b>Terms of repayment</b>               |                  |                        |                 |
| Due within 2-3 years                    | -                | -                      | -               |
| Due within 1-2 years                    | 0.47             | 1.88                   | 2.35            |
| Due within 1 year                       | 0.76             | 1.70                   | 2.46            |
| <b>Grand Total</b>                      | <b>1.23</b>      | <b>3.58</b>            | <b>4.81</b>     |
| <b>Non current portion</b>              |                  |                        | <b>2.35</b>     |
| <b>Current Maturities</b>               |                  |                        | <b>2.46</b>     |

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

| Tenure (from the date of Balance Sheet) | Rate of Interest |                        | Total<br>Amount |
|-----------------------------------------|------------------|------------------------|-----------------|
|                                         | < 10%<br>Amount  | >= 10% <=12%<br>Amount |                 |
| <b>As at March 31, 2014</b>             |                  |                        |                 |
| <b>Terms of repayment</b>               |                  |                        |                 |
| Due within 3-4 years                    | -                | 0.21                   | 0.21            |
| Due within 2-3 years                    | 0.47             | 0.32                   | 0.79            |
| Due within 1-2 years                    | 0.75             | 0.73                   | 1.48            |
| Due within 1 year                       | 0.69             | 2.68                   | 3.37            |
| <b>Grand Total</b>                      | <b>1.91</b>      | <b>3.94</b>            | <b>5.85</b>     |
| <b>Non current portion</b>              |                  |                        | <b>2.48</b>     |
| <b>Current Maturities</b>               |                  |                        | <b>3.37</b>     |

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

- E) Subordinate debt from banks as at March 31, 2015 aggregating ₹ 1,000 (March 31, 2014 ₹ 1,000) which carries an interest rate of 14.00% (floating - BR + 3.75%) is repayable at the end of five years and six months from the date of the loan viz. December 13, 2010, and ₹ 500 as at March 31, 2015, (₹ 500 as at March 31, 2014) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.)

### F) Indian rupee loan from banks (secured)

| Particulars      | Non current portion | Current Maturities |
|------------------|---------------------|--------------------|
| Base Rate        | 13.08               | 9.05               |
| Base Rate+Spread | 402.20              | 656.67             |
| <b>Total</b>     | <b>415.28</b>       | <b>665.72</b>      |

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

### G) Indian rupee loan from others (secured)

| Particulars  | Non current portion | Current Maturities |
|--------------|---------------------|--------------------|
| Fixed        | 319.19              | 539.07             |
| <b>Total</b> | <b>319.19</b>       | <b>539.07</b>      |

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

### Subordinate bonds from others:

Subordinate bonds have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

| Redeemable at par within | As at March 31, 2015 |        |              |          |             |        |           |          |
|--------------------------|----------------------|--------|--------------|----------|-------------|--------|-----------|----------|
|                          | Rate of interest     |        |              |          |             |        | Total     |          |
|                          | < 12%                |        | >= 12% < 14% |          | > =14%<=15% |        |           |          |
|                          | Number               | Amount | Number       | Amount   | Number      | Amount | Number    | Amount   |
| Due above 5 years        | 6,857                | 6.86   | 30,513       | 30.51    | 16,005      | 16.01  | 53,375    | 53.38    |
| Due within 4-5 years     | 413                  | 0.41   | 2,937        | 2.94     | 2,309       | 2.31   | 5,659     | 5.66     |
| Due within 3-4 years     | -                    | -      | -            | -        | 4,965       | 4.97   | 4,965     | 4.97     |
| Due within 2-3 years     | -                    | -      | 139,795      | 139.79   | 214,189     | 214.19 | 353,984   | 353.98   |
| Due within 1-2 years     | -                    | -      | 531,843      | 531.84   | 275,466     | 275.47 | 807,309   | 807.31   |
| Due within 1 year        | 116,533              | 116.53 | 435,254      | 435.25   | 23,391      | 23.39  | 575,178   | 575.17   |
| Grand Total              | 123,803              | 123.80 | 1,140,342    | 1,140.33 | 536,325     | 536.34 | 1,800,470 | 1,800.47 |
| Non-current portion      |                      |        |              |          |             |        |           | 1,225.30 |
| Current maturities       |                      |        |              |          |             |        |           | 575.17   |
| Total                    |                      |        |              |          |             |        |           | 1,800.47 |

| Redeemable at par within | As at March 31, 2014 |        |              |          |             |        |           |          |
|--------------------------|----------------------|--------|--------------|----------|-------------|--------|-----------|----------|
|                          | Rate of interest     |        |              |          |             |        | Total     |          |
|                          | < 12%                |        | >= 12% < 14% |          | > =14%<=15% |        |           |          |
|                          | Number               | Amount | Number       | Amount   | Number      | Amount | Number    | Amount   |
| Due above 5 years        | 7,270                | 7.27   | 33,450       | 33.45    | 18,314      | 18.31  | 59,034    | 59.03    |
| Due within 4-5 years     | -                    | -      | -            | -        | 4,965       | 4.97   | 4,965     | 4.97     |
| Due within 3-4 years     | -                    | -      | 139,795      | 139.79   | 214,184     | 214.18 | 353,979   | 353.97   |
| Due within 2-3 years     | -                    | -      | 531,843      | 531.84   | 275,466     | 275.47 | 807,309   | 807.31   |
| Due within 1-2 years     | 116,533              | 116.53 | 435,254      | 435.25   | 23,391      | 23.39  | 575,178   | 575.17   |
| Due within 1 year        | 37,104               | 37.10  | 274,847      | 274.85   | 219,915     | 219.92 | 531,866   | 531.87   |
| Grand Total              | 160,907              | 160.90 | 1,415,189    | 1,415.18 | 756,235     | 756.24 | 2,332,331 | 2,332.32 |
| Non-current portion      |                      |        |              |          |             |        |           | 1,800.45 |
| Current maturities       |                      |        |              |          |             |        |           | 531.87   |
| Total                    |                      |        |              |          |             |        |           | 2,332.32 |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.)

### Debentures (Secured)

i) Private placement retail – Redeemable Non Convertible Debentures of ₹ 1,000/- each.

| Redeemable at par within  | As at March 31, 2015 |        |               |              |                  |                 |                |               |                  |                 |
|---------------------------|----------------------|--------|---------------|--------------|------------------|-----------------|----------------|---------------|------------------|-----------------|
|                           | < 10%                |        | >= 10% < 12%  |              | >= 12% < 14%     |                 | >= 14% <= 16%  |               | Total            |                 |
|                           |                      |        |               |              |                  |                 |                |               |                  |                 |
|                           | Number               | Amount | Number        | Amount       | Number           | Amount          | Number         | Amount        | Number           | Amount          |
| <b>Terms of repayment</b> |                      |        |               |              |                  |                 |                |               |                  |                 |
| Due within 4-5 years      | -                    | -      | -             | -            | -                | -               | -              | -             | -                | -               |
| Due within 3-4 years      | -                    | -      | -             | -            | 1,258,723        | 1,258.72        | 452,938        | 452.94        | 1,711,661        | 1,711.66        |
| Due within 2-3 years      | -                    | -      | 20,000        | 20.00        | 108,866          | 108.87          | 169,913        | 169.91        | 298,779          | 298.78          |
| Due within 1-2 years      | -                    | -      | 7,500         | 7.50         | 38,195           | 38.19           | 336            | 0.34          | 46,031           | 46.03           |
| Due within 1 year         | -                    | -      | 6,176         | 6.18         | 279,288          | 279.29          | 28,644         | 28.64         | 314,108          | 314.11          |
| <b>Grand Total</b>        | -                    | -      | <b>33,676</b> | <b>33.68</b> | <b>1,685,072</b> | <b>1,685.07</b> | <b>651,831</b> | <b>651.83</b> | <b>2,370,579</b> | <b>2,370.58</b> |
| Non-current portion       |                      |        |               |              |                  |                 |                |               |                  | 2,056.47        |
| Current maturities        |                      |        |               |              |                  |                 |                |               |                  | 314.11          |
| <b>Total</b>              |                      |        |               |              |                  |                 |                |               |                  | <b>2,370.58</b> |

| Redeemable at par within  | As at March 31, 2014 |             |               |              |                  |                 |                |               |                  |                 |
|---------------------------|----------------------|-------------|---------------|--------------|------------------|-----------------|----------------|---------------|------------------|-----------------|
|                           | < 10%                |             | >= 10% < 12%  |              | >= 12% < 14%     |                 | >= 14% <= 16%  |               | Total            |                 |
|                           |                      |             |               |              |                  |                 |                |               |                  |                 |
|                           | Number               | Amount      | Number        | Amount       | Number           | Amount          | Number         | Amount        | Number           | Amount          |
| <b>Terms of repayment</b> |                      |             |               |              |                  |                 |                |               |                  |                 |
| Due within 4-5 years      | -                    | -           | -             | -            | 1,591,679        | 1,591.68        | 512,476        | 512.48        | 2,104,155        | 2,104.16        |
| Due within 3-4 years      | -                    | -           | -             | -            | 101,925          | 101.92          | 174,658        | 174.66        | 276,583          | 276.58          |
| Due within 2-3 years      | -                    | -           | -             | -            | 29,306           | 29.31           | 336            | 0.33          | 29,642           | 29.64           |
| Due within 1-2 years      | -                    | -           | 176           | 0.18         | 291,283          | 291.28          | 29,729         | 29.73         | 321,188          | 321.19          |
| Due within 1 year         | 53                   | 0.05        | 43,707        | 43.71        | 1,941,902        | 1,941.90        | 168,961        | 168.96        | 2,154,623        | 2,154.62        |
| <b>Grand Total</b>        | <b>53</b>            | <b>0.05</b> | <b>43,883</b> | <b>43.89</b> | <b>3,956,095</b> | <b>3,956.09</b> | <b>886,160</b> | <b>886.16</b> | <b>4,886,191</b> | <b>4,886.19</b> |
| Non-current portion       |                      |             |               |              |                  |                 |                |               |                  | 2,731.57        |
| Current maturities        |                      |             |               |              |                  |                 |                |               |                  | 2,154.62        |
| <b>Total</b>              |                      |             |               |              |                  |                 |                |               |                  | <b>4,886.19</b> |

### Nature of Security

Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time. Debentures are offered for a period of 366 days to 65 Months.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE 5 (Contd.)

### ii) Private Placement Institutional - Issue of Redeemable Non-convertible Debentures of ₹ 100,000/- each

| As at March 31, 2015      |               |                    |               |                      |                                                                                                                                          |
|---------------------------|---------------|--------------------|---------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Date of allotment         | Number        | Amount outstanding | Interest Rate | Redeemable at par on | Security                                                                                                                                 |
| <b>Terms of repayment</b> |               |                    |               |                      |                                                                                                                                          |
| 17-Jun-11                 | 400           | 40.00              | 12.50%        | 17-Jun-16            | Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property* |
| 27-May-11                 | 84            | 8.40               | 12.25%        | 27-May-16            |                                                                                                                                          |
| 27-May-11                 | 3,880         | 388.00             | 12.50%        | 27-May-16            |                                                                                                                                          |
| 31-Mar-11                 | 1,312         | 131.20             | 12.25%        | 31-Mar-16            |                                                                                                                                          |
| 28-Mar-11                 | 2,640         | 264.00             | 12.25%        | 28-Mar-16            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-15            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-15            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-15            |                                                                                                                                          |
| <b>Total</b>              | <b>11,589</b> | <b>1,158.90</b>    |               |                      |                                                                                                                                          |
| Non-current portion       |               | 436.40             |               |                      |                                                                                                                                          |
| Current maturities        |               | 722.50             |               |                      |                                                                                                                                          |
| <b>Total</b>              |               | <b>1,158.90</b>    |               |                      |                                                                                                                                          |

| As at March 31, 2014      |               |                    |               |                      |                                                                                                                                          |
|---------------------------|---------------|--------------------|---------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Date of allotment         | Number        | Amount outstanding | Interest Rate | Redeemable at par on | Security                                                                                                                                 |
| <b>Terms of repayment</b> |               |                    |               |                      |                                                                                                                                          |
| 17-Jun-11                 | 400           | 40.00              | 12.50%        | 17-Jun-16            | Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property* |
| 27-May-11                 | 84            | 8.44               | 12.25%        | 27-May-16            |                                                                                                                                          |
| 27-May-11                 | 3,880         | 388.00             | 12.50%        | 27-May-16            |                                                                                                                                          |
| 31-Mar-11                 | 1,312         | 131.20             | 12.25%        | 31-Mar-16            |                                                                                                                                          |
| 28-Mar-11                 | 2,640         | 264.00             | 12.25%        | 28-Mar-16            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-15            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-15            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-15            |                                                                                                                                          |
| 31-Mar-11                 | 984           | 98.40              | 12.25%        | 31-Mar-15            |                                                                                                                                          |
| 28-Mar-11                 | 1,980         | 198.00             | 12.25%        | 28-Mar-15            |                                                                                                                                          |
| 17-Jun-11                 | 500           | 50.00              | 12.25%        | 17-Jun-14            |                                                                                                                                          |
| 17-Jun-11                 | 300           | 30.00              | 12.50%        | 17-Jun-14            |                                                                                                                                          |
| 27-May-11                 | 10            | 1.00               | 12.00%        | 27-May-14            |                                                                                                                                          |
| 27-May-11                 | 63            | 6.30               | 12.25%        | 27-May-14            |                                                                                                                                          |
| 27-May-11                 | 2,910         | 291.00             | 12.50%        | 27-May-14            |                                                                                                                                          |
| <b>Total</b>              | <b>18,336</b> | <b>1,833.64</b>    |               |                      |                                                                                                                                          |
| Non-current portion       |               | 1,158.94           |               |                      |                                                                                                                                          |
| Current maturities        |               | 674.70             |               |                      |                                                                                                                                          |
| <b>Total</b>              |               | <b>1,833.64</b>    |               |                      |                                                                                                                                          |

\*Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz (East) Mumbai.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## iii) Private Placement -Institutional issue of Redeemable Non-convertible Debentures of ₹ 1,000,000/- each

| As at March 31, 2015      |            |                    |                      |                      |                     |
|---------------------------|------------|--------------------|----------------------|----------------------|---------------------|
| Date of allotment         | Number     | Amount outstanding | Interest Rate        | Redeemable at par on | Put and Call option |
| <b>Terms of repayment</b> |            |                    |                      |                      |                     |
| 18-Feb-14                 | 100        | 100.00             | 11.71% (Zero Coupon) | 04-May-15            | None                |
| 20-Mar-13                 | 16         | 16.00              | 12.25%               | 20-Mar-16            | None                |
| 31-Dec-12                 | 400        | 400.00             | 12.80%               | 31-Dec-17            | None                |
| 09-Jan-13                 | 116        | 116.00             | 12.40%               | 09-Jan-18            | None                |
| 01-Feb-13                 | 250        | 250.00             | 12.80%               | 01-Feb-18            | None                |
| 20-Mar-13                 | 1          | 1.00               | 12.40%               | 20-Mar-18            | None                |
| 20-Mar-13                 | 30         | 30.00              | 13.25%               | 20-Mar-23            | None                |
| 09-Jan-13                 | 52         | 52.00              | 12.25%               | 09-Jan-16            | None                |
| <b>Total</b>              | <b>965</b> | <b>965.00</b>      |                      |                      |                     |
| Non-current portion       |            | 797.00             |                      |                      |                     |
| Current maturities        |            | 168.00             |                      |                      |                     |
| <b>Total</b>              |            | <b>965.00</b>      |                      |                      |                     |

| As at March 31, 2014      |              |                    |                        |                      |                     |
|---------------------------|--------------|--------------------|------------------------|----------------------|---------------------|
| Date of allotment         | Number       | Amount outstanding | Interest Rate          | Redeemable at par on | Put and Call option |
| <b>Terms of repayment</b> |              |                    |                        |                      |                     |
| 12-Mar-13                 | 446          | 389.42             | Zero coupon IRR 13.19% | 21-Apr-14            | None                |
| 12-Mar-13                 | 127          | 105.88             | Zero coupon IRR 13.19% | 03-Sep-14            | None                |
| 09-Jan-13                 | 32           | 32.00              | 12.10%                 | 09-Jan-15            | None                |
| 20-Mar-13                 | 25           | 25.00              | 12.10%                 | 20-Mar-15            | None                |
| 18-Feb-14                 | 100          | 100.00             | 11.71% (Zero Coupon)   | 04-May-15            | None                |
| 20-Mar-13                 | 16           | 16.00              | 12.25%                 | 20-Mar-16            | None                |
| 31-Dec-12                 | 400          | 400.00             | 12.80%                 | 31-Dec-17            | None                |
| 09-Jan-13                 | 116          | 116.00             | 12.40%                 | 09-Jan-18            | None                |
| 01-Feb-13                 | 250          | 250.00             | 12.80%                 | 01-Feb-18            | None                |
| 20-Mar-13                 | 1            | 1.00               | 12.40%                 | 20-Mar-18            | None                |
| 20-Mar-13                 | 30           | 30.00              | 13.25%                 | 20-Mar-23            | None                |
| 09-Jan-13                 | 52           | 52.00              | 12.25%                 | 09-Jan-16            | None                |
| <b>Total</b>              | <b>1,595</b> | <b>1,517.30</b>    |                        |                      |                     |
| Non-current portion       |              | 965.00             |                        |                      |                     |
| Current maturities        |              | 552.30             |                        |                      |                     |
| <b>Total</b>              |              | <b>1,517.30</b>    |                        |                      |                     |

### Nature of Security

Secured by present and future gold loan receivable of the Company with minimum asset cover ratio of 1.10 times.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## iv) Public issue of Redeemable Non-convertible Debentures of ₹ 1,000/- each

| As at March 31, 2015      |                  |                 |               |                      |
|---------------------------|------------------|-----------------|---------------|----------------------|
| Date of allotment         | Number           | Amount          | Interest Rate | Redeemable at par on |
| <b>Terms of repayment</b> |                  |                 |               |                      |
| 05-Apr-14                 | 5,06,742         | 506.74          | 11.00%        | 10-May-15            |
| 18-Oct-14                 | 4,92,340         | 492.34          | 10.50%        | 22-Nov-15            |
| 28-Jan-14                 | 1,42,857         | 142.86          | 11.50%        | 28-Jan-16            |
| 28-Jan-14                 | 3,63,414         | 363.41          | 12.00%        | 28-Jan-16            |
| 05-Apr-14                 | 1,27,579         | 127.58          | 11.50%        | 05-Apr-16            |
| 05-Apr-14                 | 2,64,285         | 264.29          | 12.00%        | 05-Apr-16            |
| 18-Oct-14                 | 1,65,683         | 165.68          | 11.00%        | 18-Oct-16            |
| 18-Oct-14                 | 1,35,403         | 135.40          | 11.25%        | 18-Oct-16            |
| 28-Jan-14                 | 5,39,297         | 539.30          | 12.25%        | 28-Jan-17            |
| 28-Jan-14                 | 3,07,469         | 307.47          | 12.50%        | 28-Jan-17            |
| 05-Apr-14                 | 5,85,064         | 585.06          | 12.25%        | 05-Apr-17            |
| 05-Apr-14                 | 3,15,100         | 315.10          | 12.50%        | 05-Apr-17            |
| 18-Oct-14                 | 11,37,977        | 1,137.98        | 11.50%        | 18-Oct-17            |
| 18-Oct-14                 | 6,68,597         | 668.60          | 11.75%        | 18-Oct-17            |
| 28-Jan-14                 | 4,919            | 4.92            | 11.50%        | 28-Jan-19            |
| 28-Jan-14                 | 11,140           | 11.14           | 12.00%        | 28-Jan-19            |
| 05-Apr-14                 | 5,012            | 5.01            | 11.50%        | 05-Apr-19            |
| 05-Apr-14                 | 8,447            | 8.45            | 12.00%        | 05-Apr-19            |
| 18-Oct-14                 | 22,024           | 22.02           | 11.25%        | 18-Oct-19            |
| 18-Oct-14                 | 12,970           | 12.97           | 11.50%        | 18-Oct-19            |
| 28-Jan-14                 | 1,75,298         | 175.30          | 12.61%        | 28-Nov-19            |
| 05-Apr-14                 | 1,87,771         | 187.77          | 12.61%        | 05-Feb-20            |
| 18-Oct-14                 | 1,50,523         | 150.52          | 11.70%        | 18-Jan-21            |
| <b>Total</b>              | <b>63,29,911</b> | <b>6,329.91</b> |               |                      |
| Non-current portion       |                  | 4,824.56        |               |                      |
| Current maturities        |                  | 1,505.35        |               |                      |
| <b>Total</b>              |                  | <b>6,329.91</b> |               |                      |

| As at March 31, 2014      |                  |                 |               |                      |
|---------------------------|------------------|-----------------|---------------|----------------------|
| Date of allotment         | Number           | Amount          | Interest Rate | Redeemable at par on |
| <b>Terms of repayment</b> |                  |                 |               |                      |
| 28-Jan-14                 | 4,55,606         | 455.61          | 11.00%        | 04-Mar-15            |
| 28-Jan-14                 | 1,42,857         | 142.86          | 11.50%        | 28-Jan-16            |
| 28-Jan-14                 | 74,075           | 74.08           | 12.00%        | 28-Jan-16            |
| 28-Jan-14                 | 2,89,339         | 289.34          | 12.00%        | 28-Jan-16            |
| 28-Jan-14                 | 5,39,297         | 539.30          | 12.25%        | 28-Jan-17            |
| 28-Jan-14                 | 95,713           | 95.71           | 12.50%        | 28-Jan-17            |
| 28-Jan-14                 | 2,11,756         | 211.76          | 12.50%        | 28-Jan-17            |
| 28-Jan-14                 | 4,919            | 4.92            | 11.50%        | 28-Jan-19            |
| 28-Jan-14                 | 9,265            | 9.27            | 12.00%        | 28-Jan-19            |
| 28-Jan-14                 | 1,875            | 1.88            | 12.00%        | 28-Jan-19            |
| 28-Jan-14                 | 1,75,298         | 175.30          | 12.61%        | 28-Nov-19            |
| <b>Total</b>              | <b>20,00,000</b> | <b>2,000.00</b> |               |                      |
| Non-current portion       |                  | 1,544.39        |               |                      |
| Current maturities        |                  | 455.61          |               |                      |
| <b>Total</b>              |                  | <b>2,000.00</b> |               |                      |

### Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all book debts and other current assets as fully described in the debenture trust deed except those receivables exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

**v) Secured, Redeemable Non-convertible Debentures - Redeemable at par of ₹ 500,000/- each**

| No. of Debentures | Face Value | Due date of redemption | Balance as at March 31, 2015 | Int Rate |
|-------------------|------------|------------------------|------------------------------|----------|
| 120.00            | 5,00,000   | 01-Apr-16              | 32.50                        | 14.00%   |

**Nature of Security**

The NCDs are secured by charge on specific loans and receivables of the Company.

**vi) Secured, Redeemable Non-convertible Debentures - Redeemable at par of ₹ 1,000,000/- each**

| No. of Debentures | Face Value | Due date of redemption | Balance as at March 31, 2015 | Int Rate |
|-------------------|------------|------------------------|------------------------------|----------|
| 65.00             | 10,00,000  | 16-Jul-16              | 43.33                        | 13.75%   |
| 75.00             | 10,00,000  | 16-Sep-16              | 56.25                        | 13.25%   |
| 100.00            | 10,00,000  | 17-Jan-17              | 73.33                        | 12.55%   |
| 140.00            | 10,00,000  | 16-Dec-16              | 116.67                       | 13.50%   |
| 150.00            | 10,00,000  | 17-Jan-17              | 137.50                       | 13.25%   |

|                             |               |
|-----------------------------|---------------|
| Non-current portion         | 180.41        |
| Current maturities          | 279.17        |
| <b>Total (₹ in million)</b> | <b>459.58</b> |

**Nature of Security**

The NCDs are secured by charge on specific loans and receivables of the Company.

|                                                           | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 6</b>                                            |                         |                         |
| <b>Other long term liabilities</b>                        |                         |                         |
| Interest accrued but not due on long term borrowings      | 886.07                  | 541.55                  |
| Application money on redeemable non convertible debenture | -                       | 2,000.00                |
| Security deposits from employees                          | 207.82                  | 184.08                  |
| Others                                                    | 0.04                    | -                       |
|                                                           | <b>1,093.93</b>         | <b>2,725.63</b>         |

|                                                         | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 7</b>                                          |                         |                         |
| <b>Short-term borrowings</b>                            |                         |                         |
| Cash credit / Overdraft facilities from banks (secured) | 8,962.75                | 29,563.51               |
| Working Capital demand loan from banks (secured)        | 43,070.00               | 21,781.92               |
| Working Capital demand loan from others (secured)       | -                       | 750.00                  |
| Working Capital demand loan from others (unsecured)     | 58.76                   | -                       |
| Inter Corporate Deposit (unsecured)                     | -                       | 32.50                   |
| Commercial Papers (unsecured)                           | 906.14                  | -                       |
|                                                         | <b>52,997.65</b>        | <b>52,127.93</b>        |
| <b>The above amount includes</b>                        |                         |                         |
| Secured borrowings                                      | 52,032.75               | 52,095.43               |
| Unsecured borrowings                                    | 964.90                  | 32.50                   |
| <b>Total</b>                                            | <b>52,997.65</b>        | <b>52,127.93</b>        |

**Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)**

| Particulars                                                                                                                                                                                                                  | March 31, 2015   | March 31, 2014   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO | 52,032.75        | 51,345.43        |
| <b>Total</b>                                                                                                                                                                                                                 | <b>52,032.75</b> | <b>51,345.43</b> |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## Working Capital demand loan from others (secured)

| Particulars                                                                                                                                                                                                                  | March 31, 2015 | March 31, 2014 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements. The loans have been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director & CEO | Nil            | 750.00         |
| <b>Total</b>                                                                                                                                                                                                                 | <b>Nil</b>     | <b>750.00</b>  |

## Working Capital demand loan from others (unsecured)

The loan carry interest rate of 13.75% and the tenor is 12 months.

Inter Corporate Deposit (unsecured) carry interest rate at 10.50% and the tenor is 3 months.

Commercial papers carry interest rates of 10.7% to 12.00% and their tenor ranges from 60 days to 364 days.

|                                                                                                                      | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 8</b>                                                                                                       |                         |                         |
| <b>Other current liabilities</b>                                                                                     |                         |                         |
| <b>Trade Payables (A) (refer note 8 (A))</b>                                                                         | 259.22                  | 363.43                  |
| Current maturities of long-term borrowings (note 5)                                                                  | 16,902.87               | 11,279.90               |
| Interest accrued but not due on borrowings                                                                           | 499.27                  | 556.18                  |
| Interest accrued and due on borrowings                                                                               | 3.19                    | -                       |
| Statutory dues payable                                                                                               | 99.94                   | 99.32                   |
| Employee related payables                                                                                            | 241.85                  | 243.53                  |
| Debenture application money                                                                                          | -                       | -                       |
| Auction surplus                                                                                                      | 380.60                  | 436.15                  |
| Income received in advance (unearned revenue)                                                                        | 56.42                   | -                       |
| Investor Education and Protection Fund will be credited by following amounts (as and when due)                       |                         |                         |
| Unclaimed matured Non convertible debenture                                                                          | 8.62                    | 13.03                   |
| Unclaimed dividend                                                                                                   | 24.34                   | 20.51                   |
| Unclaimed matured deposits                                                                                           | 0.07                    | 0.07                    |
| Unclaimed matured subordinate bonds                                                                                  | 20.61                   | 21.09                   |
| Application money oversubscribed on redeemable non-convertible debenture due for refund and interest accrued thereon | -                       | 8.15                    |
| Advance from MAS Financial Services Limited (Refer Note 37)                                                          | 38.86                   | -                       |
| Others                                                                                                               | 72.51                   | 29.81                   |
| <b>Total (B)</b>                                                                                                     | <b>18,349.15</b>        | <b>12,707.74</b>        |
| <b>Total (A+B)</b>                                                                                                   | <b>18,608.37</b>        | <b>13,071.17</b>        |

Note 8(A): There are no Micro and Small Enterprises, to whom the Group owes dues, which are as at March 31, 2015 and March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                         | Non-current portion |                | Current maturities |                |
|-------------------------------------------------------------------------|---------------------|----------------|--------------------|----------------|
|                                                                         | March 31, 2015      | March 31, 2014 | March 31, 2015     | March 31, 2014 |
| <b>NOTE: 9</b>                                                          |                     |                |                    |                |
| <b>Short term provisions</b>                                            |                     |                |                    |                |
| <b>Provision for employee benefits</b>                                  |                     |                |                    |                |
| Provision for gratuity                                                  | -                   | -              | 39.23              | 9.11           |
| Provision for leave encashment                                          | -                   | -              | 1.59               | 147.31         |
|                                                                         |                     |                | <b>40.82</b>       | <b>156.42</b>  |
| <b>Other provisions</b>                                                 |                     |                |                    |                |
| Provision for non performing assets                                     | -                   | -              | 184.04             | 173.76         |
| Provisions for taxation (net of advance tax and tax deducted at source) |                     |                | -                  | 1.07           |
| Proposed equity dividend                                                |                     |                | -                  | 378.54         |
| Provision for tax on proposed equity dividend                           |                     |                | -                  | 64.33          |
| Provision for tax on Preference dividend                                |                     |                | 0.70               | -              |
| Provision for standard assets                                           | 6.96                | -              | 248.70             | 201.77         |
| Provision for credit enhancement on asset derecognised                  | 0.26                |                | 5.51               | -              |
| Provision for litigation                                                |                     |                | 24.85              | 20.21          |
|                                                                         | <b>7.22</b>         | <b>-</b>       | <b>463.80</b>      | <b>839.68</b>  |
|                                                                         | <b>7.22</b>         | <b>-</b>       | <b>504.62</b>      | <b>996.10</b>  |

The table below gives information about movement in provision for litigation claim.

|                               | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-------------------------------|-------------------------|-------------------------|
| At the beginning of the year  | 20.21                   | 12.19                   |
| Arising during the year       | 4.64                    | 8.02                    |
| Utilized during the year      | -                       | -                       |
| Unused amounts reversed       | -                       | -                       |
| <b>At the end of the year</b> | <b>24.85</b>            | <b>20.21</b>            |
| Current portion               | 24.85                   | 20.21                   |
| Non-current portion           | -                       | -                       |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                       | Freehold Land | Building      | Office equipment | Electrical Installation | Computer equipment | Furniture and Fittings | Vehicle *    | Plant & Machinery | Total           |
|-------------------------------------------------------|---------------|---------------|------------------|-------------------------|--------------------|------------------------|--------------|-------------------|-----------------|
| <b>NOTE: 10A</b>                                      |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>Tangible assets</b>                                |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>Cost</b>                                           |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2013</b>                               | 81.88         | 121.02        | 155.98           | 222.27                  | 806.87             | 1,913.87               | 34.01        | 44.26             | 3,380.15        |
| Additions                                             | -             | 145.73        | 57.03            | 40.81                   | 140.32             | 123.47                 | 2.82         | 3.05              | 513.23          |
| Deletions                                             | 0.70          | -             | 4.99             | 1.51                    | 60.98              | 8.58                   | 0.98         | 4.97              | 82.71           |
| <b>At March 31, 2014</b>                              | <b>81.18</b>  | <b>266.75</b> | <b>208.01</b>    | <b>261.57</b>           | <b>886.21</b>      | <b>2,028.76</b>        | <b>35.85</b> | <b>42.34</b>      | <b>3,810.67</b> |
| <b>Cost</b>                                           |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At 1 April 2014</b>                                | <b>81.18</b>  | <b>266.75</b> | <b>208.01</b>    | <b>261.57</b>           | <b>886.21</b>      | <b>2,028.76</b>        | <b>35.85</b> | <b>42.34</b>      | <b>3,810.67</b> |
| Addition on acquisition of subsidiary - refer note 36 | -             | -             | <b>4.67</b>      | <b>1.00</b>             | <b>4.40</b>        | <b>4.61</b>            | <b>5.60</b>  | -                 | 20.28           |
| Additions                                             | -             | 38.96         | 59.23            | 9.39                    | 120.33             | 54.50                  | 3.70         | 0.59              | 286.70          |
| Deletions/adjustment                                  | -             | -             | 6.05             | 6.52                    | 68.90              | 24.88                  | 1.97         | -                 | 108.32          |
| <b>At 31 March 2015</b>                               | <b>81.18</b>  | <b>305.71</b> | <b>265.86</b>    | <b>265.44</b>           | <b>942.04</b>      | <b>2,062.99</b>        | <b>43.18</b> | <b>42.93</b>      | <b>4,009.33</b> |
| <b>Accumulated Depreciation</b>                       |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At April 1, 2013</b>                               | -             | 3.94          | 113.88           | 124.44                  | 501.94             | 597.61                 | 8.17         | 3.15              | 1,353.13        |
| Charge for the year                                   | -             | 3.43          | 42.50            | 83.28                   | 218.81             | 263.82                 | 3.31         | 2.02              | 617.17          |
| Deletions                                             | -             | -             | 4.70             | 0.96                    | 57.85              | 5.95                   | 0.97         | 0.41              | 70.84           |
| <b>At March 31, 2014</b>                              | -             | <b>7.37</b>   | <b>151.67</b>    | <b>206.76</b>           | <b>662.90</b>      | <b>855.48</b>          | <b>10.51</b> | <b>4.76</b>       | <b>1,899.46</b> |
| <b>Accumulated Depreciation</b>                       |               |               |                  |                         |                    |                        |              |                   |                 |
| <b>At 1 April 2014</b>                                | -             | <b>7.37</b>   | <b>151.67</b>    | <b>206.77</b>           | <b>662.90</b>      | <b>855.48</b>          | <b>10.51</b> | <b>4.76</b>       | <b>1,899.46</b> |
| Addition on acquisition of subsidiary - refer note 36 | -             | -             | <b>3.69</b>      | <b>0.67</b>             | <b>3.98</b>        | <b>3.46</b>            | <b>2.09</b>  | -                 | <b>13.89</b>    |
| Charge for the year (refer note 2.1(c))               | -             | 10.34         | 34.70            | 36.38                   | 153.18             | 275.08                 | 5.90         | 2.99              | 518.57          |
| <b>Disposals/adjustment</b>                           | -             | -             | 5.40             | 6.51                    | 66.97              | 24.50                  | 1.49         | -                 | 104.87          |
| <b>At 31 March 2015</b>                               | -             | <b>17.71</b>  | <b>184.66</b>    | <b>237.31</b>           | <b>753.09</b>      | <b>1,109.52</b>        | <b>17.01</b> | <b>7.75</b>       | <b>2,327.05</b> |
| <b>Net Block at March 31, 2014</b>                    | <b>81.18</b>  | <b>259.38</b> | <b>56.34</b>     | <b>54.80</b>            | <b>223.31</b>      | <b>1,173.28</b>        | <b>25.34</b> | <b>37.58</b>      | <b>1,911.21</b> |
| <b>Net Block at March 31, 2015</b>                    | <b>81.18</b>  | <b>288.00</b> | <b>81.20</b>     | <b>28.13</b>            | <b>188.95</b>      | <b>953.47</b>          | <b>26.17</b> | <b>35.18</b>      | <b>1,682.28</b> |

\* Includes vehicles taken on finance lease/hire purchase- Gross block ₹ 17.75 as at March 31, 2015 (March 31, 2014 ₹ 20.52). Depreciation for the year ₹ 3.08 (March 31, 2014 ₹ 1.78) and Net block ₹ 11.22 as at March 31, 2015 (March 31, 2014 ₹ 15.46)

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                       | Computer Software |
|-------------------------------------------------------|-------------------|
| <b>NOTE: 10B</b>                                      |                   |
| <b>Intangible assets</b>                              |                   |
| <b>Cost</b>                                           |                   |
| <b>At April 1, 2013</b>                               | <b>135.49</b>     |
| Purchase                                              | 7.35              |
| Deletions                                             | 4.50              |
| <b>At March 31, 2014</b>                              | <b>138.34</b>     |
| <b>Cost</b>                                           |                   |
| <b>At 1 April 2014</b>                                | <b>138.34</b>     |
| Addition on acquisition of subsidiary - refer note 36 | 3.93              |
| <b>Purchase</b>                                       | <b>2.68</b>       |
| Deletions                                             | -                 |
| <b>At 31 March 2015</b>                               | <b>144.95</b>     |
| <b>Amortization</b>                                   |                   |
| <b>At April 1, 2013</b>                               | <b>57.61</b>      |
| Charge for the year                                   | 21.78             |
| Deletions                                             | 3.19              |
| <b>At March 31, 2014</b>                              | <b>76.20</b>      |
| <b>Amortization</b>                                   |                   |
| <b>At 1 April 2014</b>                                | <b>76.20</b>      |
| Addition on acquisition of subsidiary - refer note 36 | 3.86              |
| Charge for the year                                   | 21.66             |
| Deletions                                             | -                 |
| <b>At 31 March 2015</b>                               | <b>101.72</b>     |
| <b>Net block</b>                                      |                   |
| <b>At March 31, 2014</b>                              | <b>62.14</b>      |
| <b>At 31 March 2015</b>                               | <b>43.23</b>      |

|                                                                                                                      | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 11A</b>                                                                                                     |                         |                         |
| <b>Non-current investments</b>                                                                                       |                         |                         |
| <b>Non trade (Unquoted, valued at cost)</b>                                                                          |                         |                         |
| 50 (previous year: 50) Non Convertible Subordinate bonds of ₹ 1,000,000/- each fully paid in Dhanalaxmi Bank Limited | 50.00                   | 50.00                   |
| 50,000 Equity Shares of Alpha Micro Finance Consultants Private Limited of ₹ 10/- each                               | 0.50                    | -                       |
| <b>Investment in other companies (Unquoted, valued at cost)</b>                                                      |                         |                         |
| 1,000 (Previous year - 1,000) equity share of ₹ 10/- each fully paid in The Catholic Syrian Bank Limited.            | 0.03                    | 0.03                    |
|                                                                                                                      | <b>50.53</b>            | <b>50.03</b>            |

**Note :**

- |                                                               |       |       |
|---------------------------------------------------------------|-------|-------|
| 1. Aggregate amount of unquoted investments                   | 50.53 | 50.03 |
| 2. Aggregate provision for diminution in value of investments | -     | -     |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                                                                                                       | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 11B</b>                                                                                                                                                      |                         |                         |
| <b>CURRENT INVESTMENTS</b>                                                                                                                                            |                         |                         |
| <b>Mutual Fund (Unquoted, valued at net asset value)</b>                                                                                                              |                         |                         |
| 14,455,619.441 (Previous year 14,455,619.441) units of ₹ 27.6709/- (Previous year ₹ 29.8996/-) each in SBI Mutual Fund - SBI Magnum Income Fund - Regular plan-Growth | 492.64                  | 432.22                  |
| 31,167.266 units of ₹ 1,604.2472 (Previous year 68,064.674 units of ₹ 1,471.7663/-) each in Baroda Pioneer Mutual Fund - Plan B Growth                                | 50.03                   | 100.17                  |
| 31,037.947 units of ₹ 1,610.9313 (Previous year Nil) each in Boi Axa Liquid Fund - Direct Plan - Growth                                                               | 50.03                   | -                       |
| 17,621.3429 units of ₹ 2,837.4682 (Previous year Nil) each in Kotak Liquid Scheme Plan A-Direct Plan -Growth                                                          | 50.04                   | -                       |
| <b>Certificate of Deposit (Unquoted, value at cost)</b>                                                                                                               |                         |                         |
| 7,500 (Previous year Nil) units of ₹ 100,000/- each in Dena Bank                                                                                                      | 1,475.46                | -                       |
| Nil (Previous year 5,000) units of ₹ 100,000/- each in Allahabad Bank                                                                                                 | -                       | 491.70                  |
| Nil (Previous year 15,000) units of ₹ 100,000/- each in Andhra Bank                                                                                                   | -                       | 1,473.65                |
| Nil (Previous year 10,000) units of ₹ 100,000/- each in IDBI Bank Ltd                                                                                                 | -                       | 982.29                  |
| Nil (Previous year 10,000) units of ₹ 100,000/- each in Indian Bank                                                                                                   | -                       | 981.16                  |
| Nil (Previous year 20,000) units of ₹ 100,000/- each in Oriental Bank of Commerce                                                                                     | -                       | 1,968.42                |
| Nil (Previous year 15,000) units of ₹ 100,000/- each in Union Bank of India                                                                                           | -                       | 1,476.43                |
|                                                                                                                                                                       | <b>2,118.20</b>         | <b>7,906.04</b>         |
| <b>Note :</b>                                                                                                                                                         |                         |                         |
| 1. Aggregate amount of unquoted investments (Cost)                                                                                                                    | 2,025.46                | 7,873.65                |
|                                                                                                                                                                       | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
| <b>NOTE: 12</b>                                                                                                                                                       |                         |                         |
| <b>Deferred tax assets (net)</b>                                                                                                                                      |                         |                         |
| <b>Deferred tax liability</b>                                                                                                                                         |                         |                         |
| On unamortised debenture issue expense                                                                                                                                | (34.81)                 | (34.00)                 |
| <b>Gross deferred tax liability</b>                                                                                                                                   | <b>(34.81)</b>          | <b>(34.00)</b>          |
| <b>Deferred tax asset</b>                                                                                                                                             |                         |                         |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.                                       | 154.43                  | 99.81                   |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis                                   | 30.32                   | 53.17                   |
| Provision for advances                                                                                                                                                | 149.42                  | 163.12                  |
| Others                                                                                                                                                                | 10.42                   | 6.87                    |
| <b>Gross deferred tax asset</b>                                                                                                                                       | <b>344.59</b>           | <b>322.97</b>           |
| <b>Net deferred tax asset</b>                                                                                                                                         | <b>309.78</b>           | <b>288.97</b>           |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                       | Non-current     |                | Current          |                  |
|---------------------------------------------------------------------------------------|-----------------|----------------|------------------|------------------|
|                                                                                       | March 31, 2015  | March 31, 2014 | March 31, 2015   | March 31, 2014   |
| <b>NOTE: 13</b>                                                                       |                 |                |                  |                  |
| <b>Loans and advances</b>                                                             |                 |                |                  |                  |
| <b>Portfolio Loan</b>                                                                 |                 |                |                  |                  |
| Secured, considered good                                                              |                 |                |                  |                  |
| - Gold                                                                                | -               | -              | 92,060.93        | 81,378.61        |
| - Commercial Vehicle                                                                  | 110.02          | -              | 43.72            | -                |
| - Mortgage/Property Loan                                                              | 232.90          | -              | 39.26            | -                |
| - Home loan                                                                           | 21.27           | -              | 0.44             | -                |
| - Other loans                                                                         | 0.26            | 21.43          | 22.85            | 46.83            |
|                                                                                       | <b>364.45</b>   | <b>21.43</b>   | <b>92,167.20</b> | <b>81,425.44</b> |
| <b>Secured, considered doubtful#</b>                                                  |                 |                |                  |                  |
| Gold                                                                                  | -               | -              | 183.79           | 173.76           |
| Other loans                                                                           | -               | -              | -                | -                |
| <b>Portfolio Loan</b>                                                                 |                 |                |                  |                  |
| Unsecured, considered good                                                            |                 |                |                  |                  |
| - Demand loan                                                                         | -               | -              | -                | 10.07            |
| - Personal loan                                                                       | -               | -              | 0.05             | -                |
| - Micro finance loan ##                                                               | 695.83          | -              | 1,946.70         | -                |
| Unsecured, considered doubtful#                                                       |                 |                |                  |                  |
| - Micro finance loan                                                                  | -               | -              | 0.25             | -                |
| <b>Advances recoverable in cash or kind *</b>                                         |                 |                |                  |                  |
| Unsecured, considered good                                                            | -               | -              | 223.58           | 180.17           |
| Unsecured, considered doubtful                                                        | -               | -              | -                | 104.37           |
|                                                                                       | -               | -              | 223.58           | 284.54           |
| Less: Provision for doubtful advances                                                 | -               | -              | -                | (104.37)         |
|                                                                                       | <b>-</b>        | <b>-</b>       | <b>223.58</b>    | <b>180.17</b>    |
| <b>Deposits (Unsecured, considered good)</b>                                          |                 |                |                  |                  |
| Rental deposits                                                                       | 468.43          | 495.94         | 81.45            | 27.59            |
| Other security deposits                                                               | 46.90           | 31.39          | 13.96            | 11.64            |
|                                                                                       | <b>515.33</b>   | <b>527.33</b>  | <b>95.41</b>     | <b>39.23</b>     |
| Service tax and other taxes recoverable, from Government (Unsecured, considered good) | -               | -              | 28.79            | 42.31            |
| <b>Total</b>                                                                          | <b>1,575.61</b> | <b>548.76</b>  | <b>94,645.77</b> | <b>81,870.98</b> |

\* Advances recoverable in cash or kind includes dues from relative of directors and related parties-

# Provision for the same has been disclosed separately under note 9.

## Includes Managed Micro finance loans - ₹ 577.20 (previous year Nil).

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                                    | Non-current     |                 | Current         |                 |
|----------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                                                    | March 31, 2015  | March 31, 2014  | March 31, 2015  | March 31, 2014  |
| <b>NOTE: 14</b>                                                                                    |                 |                 |                 |                 |
| <b>Other assets</b>                                                                                |                 |                 |                 |                 |
| Deposits with other NBFCs as collateral towards loans and assets derecognised                      | 31.25           | -               | 47.58           | -               |
| Deposits as collateral with business partner towards loans sourced on their behalf (Refer Note 37) | 17.56           | -               | 20.65           | -               |
| Non-current bank deposits (note 15)                                                                | 307.85          | 185.23          | -               | -               |
| <b>(A)</b>                                                                                         | <b>356.66</b>   | <b>185.23</b>   | <b>68.23</b>    | <b>-</b>        |
| <b>Interest accrued:</b>                                                                           |                 |                 |                 |                 |
| Loan Portfolio (Secured, considered good)                                                          | -               | -               | 5,681.69        | 5,611.46        |
| Micro finance Loan (Unsecured, considered good)                                                    | -               | -               | 30.03           | -               |
| Fixed deposits and investment                                                                      | 1.06            | 0.20            | 54.97           | 100.35          |
| Advance tax (net of Provisions for taxation and tax deducted at source)                            | 1,044.08        | 1,079.49        | -               | -               |
| Ancillary cost of arranging the borrowings                                                         | 74.08           | 99.30           | 140.81          | 130.38          |
| Commission receivable                                                                              | -               | -               | 11.54           | -               |
| Others                                                                                             | -               | -               | 7.05            | 2.21            |
| <b>(B)</b>                                                                                         | <b>1,119.22</b> | <b>1,178.99</b> | <b>5,926.09</b> | <b>5,844.40</b> |
| <b>Total (A+B)</b>                                                                                 | <b>1,475.88</b> | <b>1,364.22</b> | <b>5,994.32</b> | <b>5,844.40</b> |

|                                                                                                                                                         | Non-current    |                | Current         |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|
|                                                                                                                                                         | March 31, 2015 | March 31, 2014 | March 31, 2015  | March 31, 2014  |
| <b>NOTE: 15</b>                                                                                                                                         |                |                |                 |                 |
| <b>Cash and bank balances</b>                                                                                                                           |                |                |                 |                 |
| <b>Balances with banks:</b>                                                                                                                             |                |                |                 |                 |
| On current accounts                                                                                                                                     | -              | -              | 4,735.30        | 2,675.31        |
| Deposits with original maturity of less than three months                                                                                               | -              | -              | 105.00          | 140.00          |
| <b>Cash on hand</b>                                                                                                                                     | -              | -              | 1,517.53        | 1,221.67        |
| <b>On Escrow accounts #</b>                                                                                                                             |                |                |                 |                 |
| Application money towards redeemable non-convertible debenture pending allotment                                                                        | -              | -              | -               | 2,008.15        |
| Unpaid matured deposit                                                                                                                                  | -              | -              | 0.07            | 0.22            |
| Unpaid auction surplus deposit                                                                                                                          | -              | -              | 390.21          | 443.60          |
| Unpaid dividend                                                                                                                                         | -              | -              | 24.36           | 20.52           |
|                                                                                                                                                         | <b>-</b>       | <b>-</b>       | <b>6,772.47</b> | <b>6,509.47</b> |
| # The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus. |                |                |                 |                 |
| <b>Other bank balances</b>                                                                                                                              |                |                |                 |                 |
| <b>Other balance</b>                                                                                                                                    |                |                |                 |                 |
| Deposits with original maturity for more than 3 months but less than 12 months*                                                                         | -              | -              | 988.92          | 1,651.54        |
| Deposits with original maturity for more than 12 months*                                                                                                | 424.89         | 185.23         | 164.94          | 283.67          |
|                                                                                                                                                         | <b>424.89</b>  | <b>185.23</b>  | <b>1,153.86</b> | <b>1,935.21</b> |
| Amount disclosed under non-current assets (note 14)                                                                                                     | 424.89         | 185.23         | -               | -               |
|                                                                                                                                                         | <b>-</b>       | <b>-</b>       | <b>7,926.33</b> | <b>8,444.68</b> |

\* Includes:

- a) Cash collateral deposits aggregating ₹ 1,130 (March 31, 2014 : ₹ 1,790) towards approved bank facilities;
- b) Employee security deposits aggregating ₹ 207.70 (March 31, 2014 : ₹ 183.93) placed as fixed deposits with banks; and
- c) Deposits aggregating to ₹ 37.13 (March 31, 2014 : ₹ 21.36) towards security deposit to various authority.
- d) Deposits aggregating to ₹ 78.83 towards terms loans from other NBFC's."

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 16</b>                              |                              |                              |
| <b>Revenue from operations</b>               |                              |                              |
| <b>Interest Income</b>                       |                              |                              |
| - Gold loans                                 | 19,321.30                    | 20,472.36                    |
| - Bank and other deposits                    | 130.68                       | 229.87                       |
| - Property loans                             | 18.95                        | 0.14                         |
| - Micro finance                              | 80.18                        | -                            |
| - Commercial Vehicles                        | 4.60                         | -                            |
| - Home loan                                  | 0.14                         | -                            |
| - Other loans                                | 9.97                         | 2.07                         |
| Processing and application fees              | 108.37                       | 55.13                        |
| Gain on Securitisation                       | 8.28                         | -                            |
| <b>Total interest income (A)</b>             |                              |                              |
| <b>Other operating revenue</b>               | <b>19,682.47</b>             | <b>20,759.57</b>             |
| - Money transfer                             | 48.66                        | 38.67                        |
| - Net Gain on current investment             | 80.53                        | 169.49                       |
| - Provisions no longer required written back | 25.90                        | 9.74                         |
| - Bad debts recovered                        | 25.82                        | 26.64                        |
| - Others                                     | 0.84                         | 0.51                         |
| <b>Total other operating revenue (B)</b>     | <b>181.75</b>                | <b>245.05</b>                |
| <b>Revenue from operations (A+B)</b>         | <b>19,864.22</b>             | <b>21,004.62</b>             |

|                                                                                                                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 17</b>                                                                                                   |                              |                              |
| <b>Other Income</b>                                                                                               |                              |                              |
| Profit on sale of fixed assets (net)                                                                              | 7.10                         | 4.82                         |
| Commission - (refer note 37)                                                                                      | 16.26                        | -                            |
| Notice pay recovery                                                                                               | 37.54                        | 99.60                        |
| Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (31 March 2014: ₹ Nil)) | 9.15                         | 9.23                         |
|                                                                                                                   | <b>70.05</b>                 | <b>113.65</b>                |

|                                  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------|------------------------------|------------------------------|
| <b>NOTE: 18</b>                  |                              |                              |
| <b>Finance Cost</b>              |                              |                              |
| Interest                         |                              |                              |
| - on Debentures                  | 1,450.62                     | 1,772.20                     |
| - on Bank and other borrowings   | 5,947.84                     | 7,474.56                     |
| - on Subordinate bonds and loans | 523.88                       | 596.70                       |
| - on Commercial papers           | 532.08                       | 177.29                       |
| - Others                         | 0.28                         | 2.27                         |
| Other borrowing cost             | 319.44                       | 242.99                       |
|                                  | <b>8,774.14</b>              | <b>10,266.01</b>             |

|                                           | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 19</b>                           |                              |                              |
| <b>Employee benefit expense</b>           |                              |                              |
| Salaries, wages and bonus                 | 2,772.49                     | 2,948.27                     |
| Contribution to provident and other funds | 367.61                       | 280.16                       |
| Staff welfare expenses                    | 5.27                         | 7.04                         |
|                                           | <b>3,145.37</b>              | <b>3,235.47</b>              |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

|                                                                                                       | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 20</b>                                                                                       |                              |                              |
| <b>Other expenses</b>                                                                                 |                              |                              |
| Electricity                                                                                           | 160.28                       | 151.26                       |
| Rent                                                                                                  | 911.46                       | 857.21                       |
| Rates and taxes                                                                                       | 29.09                        | 34.10                        |
| Insurance                                                                                             | 31.71                        | 31.78                        |
| Repairs and maintenance                                                                               |                              |                              |
| -Vehicles                                                                                             | 3.55                         | 4.47                         |
| -Others                                                                                               | 79.43                        | 53.46                        |
| Advertising and sales promotion                                                                       | 446.42                       | 428.79                       |
| Commission paid (refer note 38)                                                                       | 4.21                         | -                            |
| Travelling and conveyance                                                                             | 94.80                        | 76.79                        |
| Communication costs                                                                                   | 141.91                       | 168.63                       |
| Printing and stationery                                                                               | 84.93                        | 59.76                        |
| IT Support costs                                                                                      | 282.37                       | 283.59                       |
| Legal and professional fees                                                                           | 117.03                       | 136.57                       |
| Security charges                                                                                      | 575.93                       | 714.83                       |
| Bad debts/advances written off                                                                        | 239.02                       | 472.58                       |
| Provision for non performing assets, net of bad debts written off of ₹ Nil<br>(Previous year - ₹ 278) | 10.28                        | 21.95                        |
| Provision for doubtful advances and receivables                                                       | -                            | 249.30                       |
| Provision for standard assets                                                                         | 32.66                        | 18.57                        |
| Corporate social responsibility expenditure (refer note 33)                                           | 43.38                        | 513.10                       |
| Miscellaneous expenses                                                                                | 49.34                        | (44.43)                      |
|                                                                                                       | <b>3,337.80</b>              | <b>3,547.59</b>              |
| <b>Payment to auditors included in Legal and Professional Charges:</b>                                |                              |                              |
| <b>As auditor:</b>                                                                                    |                              |                              |
| Audit fee                                                                                             | 3.50                         | 2.90                         |
| Limited reviews                                                                                       | 1.80                         | 1.80                         |
| Certification fees                                                                                    | 0.95                         | 0.95                         |
| Reimbursement of expenses                                                                             | 0.30                         | 0.30                         |
|                                                                                                       | <b>6.55</b>                  | <b>5.95</b>                  |

|                                              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|----------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 21</b>                              |                              |                              |
| <b>Depreciation and amortization expense</b> |                              |                              |
| Depreciation                                 | 518.57                       | 617.17                       |
| Amortization of intangible assets            | 21.66                        | 21.78                        |
|                                              | <b>540.23</b>                | <b>638.95</b>                |

|                                                                                                  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>NOTE: 22</b>                                                                                  |                              |                              |
| <b>Earnings per share (EPS)</b>                                                                  |                              |                              |
| The following reflects the profit and share data used in the basic and diluted EPS computations: |                              |                              |
| Net profit for calculation of basic EPS                                                          | <b>2,713.17</b>              | <b>2,259.81</b>              |
| Weighted average number of equity shares in calculating basic EPS (Nos.)                         | 84,12,07,136                 | 84,12,07,136                 |
| <b>Effect of dilution:</b>                                                                       |                              |                              |
| Stock options granted under ESOP (Nos.)                                                          | 65,557                       | -                            |
| Weighted average number of equity shares in calculating diluted EPS (Nos.)                       | <b>84,12,72,693</b>          | <b>84,12,07,136</b>          |
| Basic EPS (₹)                                                                                    | 3.23                         | 2.69                         |
| Diluted EPS (₹)                                                                                  | 3.23                         | 2.69                         |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE23:

### Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

|                                 |                                                                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Date of share holders' approval | August 17, 2009                                                                                                                           |
| Number of options approved      | 1,000,000                                                                                                                                 |
| Date of grant                   | August 17, 2009                                                                                                                           |
| Number of options granted       | 829,500                                                                                                                                   |
| Method of settlement            | Equity                                                                                                                                    |
| Graded Vesting                  | 50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011 |
| Exercisable period              | 4 years from vesting date                                                                                                                 |
| Vesting conditions              | On achievement of pre-determined performance parameters.                                                                                  |

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to ₹ 33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to ₹ 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

During the current year the Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 at an exercise price of ₹ 31.25 options on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

| Particulars                                             | March 31, 2015   | March 31, 2014 |
|---------------------------------------------------------|------------------|----------------|
| <b>Options outstanding, beginning of year</b>           | -                | 66,000         |
| Options granted during the year                         | -                | -              |
| Increase on account of Bonus issue                      | -                | -              |
| Lapsed Options restored during the year                 | 11,91,000        | -              |
| Options exercised during the year                       | -                | -              |
| Options lapsed during the year                          | (1,30,000)       | (66,000)       |
| <b>Options outstanding, end of year</b>                 | <b>10,61,000</b> | <b>-</b>       |
| <b>Options outstanding at the yearend comprise of :</b> |                  |                |
| - Options eligible for exercise at year end             | -                | -              |
| - Options not eligible for exercise at year end         | 10,61,000        | -              |

| Particulars                                         | March 31, 2015 | March 31, 2014 |
|-----------------------------------------------------|----------------|----------------|
| Weighted average remaining contract life of options | -              | -              |
| Weighted average market price at the exercise date  | -              | -              |

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

| Particulars                                                                 | Vesting I         | Vesting II        |
|-----------------------------------------------------------------------------|-------------------|-------------------|
|                                                                             | 3-Nov-2015<br>50% | 3-Nov-2016<br>50% |
| Option fair value (pre-split and bonus at a face value of ₹ 10/- per share) | ₹ 10.26/-         | ₹ 10.43/-         |
| Risk-free interest rate                                                     | 6.51%             | 6.53%             |
| Expected life                                                               | 3 years           | 4 Years           |
| Expected volatility                                                         | 61.53%            | 58.90%            |
| Expected dividend yield                                                     | 7.58%             | 7.58%             |
| Share price on the date of grant (face value of ₹ 10/-)                     | ₹ 31.25/-         | ₹ 31.25/-         |

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## Pro-forma Disclosures for ESOS 2009

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

| Particulars                      | Profit after tax | Basic EPS (₹) | Diluted EPS (₹) |
|----------------------------------|------------------|---------------|-----------------|
| <b>Year ended March 31, 2015</b> |                  |               |                 |
| - Amounts as reported            | 2,713.17         | 3.23          | 3.23            |
| - Amounts as per pro-forma       | 2,709.84         | 3.22          | 3.22            |

| Particulars                      | Profit after tax | Basic EPS (₹) | Diluted EPS (₹) |
|----------------------------------|------------------|---------------|-----------------|
| <b>Year ended March 31, 2014</b> |                  |               |                 |
| - Amounts as reported            | 2,259.81         | 2.69          | 2.69            |
| - Amounts as per pro-forma       | 2,259.81         | 2.69          | 2.69            |

## Employees Stock Option Scheme (ESOP)

On 8 August, 2011, Asirvad established an Employees stock option scheme. Under the scheme, Asirvad is authorized to issue up to 2,04,500 equity shares of ₹ 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of Asirvad subject to the requirements of vesting.

| Date of grant                                    | Grant     |           |
|--------------------------------------------------|-----------|-----------|
|                                                  | 08-Aug-11 | 01-Nov-13 |
| Exercise price per option (₹)                    | 11.17     | 11.17     |
| Total options granted and outstanding as at PY   | 1,14,000  | 20,000    |
| Add: Options granted during the year             | -         | 20,000    |
| Less: Options forfeited / lapsed during the year | -         | -         |
| Options exercised as at CY                       | 1,14,000  | 10,000    |
| Options outstanding as at CY                     | -         | 10,000    |
| - Vested                                         | -         | 7,083     |
| - Yet to vest                                    | -         | 2,917     |

### Vesting period:

In the case of the options granted to the Managing Director of Asirvad, 50% of the options vest on completion of one year and the balance on completion of two years from the date of the grant. In the case of other employees, the options vest in the following proportion over a three year period in such a manner that 16.67% vests on completion of one year from date of grant, 41.66% each over the completion of years two and three.

### Exercise period: Within five years from the date of vesting

#### Method of settlement: Equity settled. Cash settlement is at the option of the Board

The fair value of the share has been estimated on the date of the initial grant by an external firm of consultants based on the audited financial statements for the year ended 31 March 2011. The valuation was done based upon the weighted average of the per share value arrived at through the Net Asset Value (NAV) approach and Profit Earning Capacity Method (PECV). The exercise price was fixed at about a 50% discount to the fair value. The fair value of options, based on the valuation of the independent valuer as on the date of initial grant i.e. 8 August 2011 is ₹ 22.34 per share.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE 24

### Related party transactions with whom transactions have taken place during the year

#### Names of related parties

| Relationship                                                                                              | Name of the party                                                                             |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Associates / Enterprises owned or significantly influenced by key management personnel or their relatives | Manappuram Insurance Brokers Private Limited                                                  |
|                                                                                                           | Manappuram Jewellers Limited                                                                  |
|                                                                                                           | Manappuram Agro Farms Limited                                                                 |
|                                                                                                           | Manappuram Foundations                                                                        |
|                                                                                                           | Manappuram Comptech and Consultant Limited *                                                  |
|                                                                                                           | Manappuram Health Care Limited *                                                              |
|                                                                                                           | Manappuram Construction and Properties Limited *                                              |
|                                                                                                           | Manappuram Chit Funds Company Private Limited *                                               |
|                                                                                                           | Manappuram Chits (Karnataka) Private Limited *                                                |
|                                                                                                           | Manappuram Chits (Andhra) Private Limited * (w.e.f February 20, 2015)*                        |
|                                                                                                           | Adlux Medicity and Convention centre Private Limited* (w.e.f February 24, 2015)*              |
|                                                                                                           | MAFIN Enterprise *                                                                            |
|                                                                                                           | Manappuram travels *                                                                          |
|                                                                                                           | MAGRO Farms*                                                                                  |
|                                                                                                           | Manappuram Chits *                                                                            |
| Key Management Personnel                                                                                  | Mr. V P Nandakumar- Managing Director & CEO                                                   |
|                                                                                                           | Mr. I Unnikrishnan - Executive Director & Deputy CEO (cease to be KMP from November 30, 2014) |
|                                                                                                           | Mr. B.N Raveendra Babu- Executive Director                                                    |
|                                                                                                           | Mr. Kapil Krishan -Chief financial officer                                                    |
|                                                                                                           | Mr. K Rajesh Kumar -Company Secretary (cease to be KMP from March 31, 2015)                   |
| Relatives of key management personnel                                                                     | Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)                                          |
|                                                                                                           | Mr. Sooraj Nandan (son of Mr. V P Nandakumar)                                                 |
|                                                                                                           | Mrs Sumitha Nandakumar (daughter of Mr. V P Nandakumar)                                       |
|                                                                                                           | Mr. Suhas Nandan (son of Mr. V P Nandakumar)                                                  |
|                                                                                                           | Mrs. Sathyalekshmi (wife of Mr. I Unnikrishnan)                                               |
|                                                                                                           | Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)                                            |
|                                                                                                           | Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)                                          |
|                                                                                                           | Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)                              |

\* No transactions with these related parties.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## Related party transactions with whom transactions have taken place during the year

| Particulars                                                     | Associates / Enterprises owned or significantly influenced by key management personnel or their relatives |           | Key Management Personnel |           | Relatives of key management personnel |           |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------|-----------|
|                                                                 | 31-Mar-15                                                                                                 | 31-Mar-14 | 31-Mar-15                | 31-Mar-14 | 31-Mar-15                             | 31-Mar-14 |
| <b>Debentures and Subordinate Bond issued during the year</b>   |                                                                                                           |           |                          |           | -                                     | 0.67      |
| Mrs. Shelly Ekalavyan                                           |                                                                                                           |           |                          |           | -                                     | 0.67      |
| <b>Debentures and Subordinate Bond redeemed during the year</b> |                                                                                                           |           |                          |           | 0.55                                  | 0.69      |
| Mrs. Sathyalekshmi                                              |                                                                                                           |           |                          |           | 0.05                                  | -         |
| Mrs. Rajalakshmi Raveendra Babu                                 |                                                                                                           |           |                          |           | 0.50                                  | 0.10      |
| Ms. Biji Babu                                                   |                                                                                                           |           |                          |           | -                                     | 0.40      |
| Mrs. Shelly Ekalavyan                                           |                                                                                                           |           |                          |           | -                                     | 0.19      |
| <b>Interest expense</b>                                         |                                                                                                           |           |                          |           | 0.62                                  | 0.58      |
| Mrs. Sathyalekshmi                                              |                                                                                                           |           |                          |           | 0.13                                  | 0.14      |
| Mrs. Rajalakshmi Raveendra Babu                                 |                                                                                                           |           |                          |           | 0.31                                  | 0.29      |
| Ms. Biji Babu                                                   |                                                                                                           |           |                          |           | 0.08                                  | 0.06      |
| Mrs. Shelly Ekalavyan                                           |                                                                                                           |           |                          |           | 0.10                                  | 0.09      |
| <b>Commission to Directors</b>                                  |                                                                                                           |           | 21.20                    | 16.90     |                                       |           |
| Mr. V.P.Nandakumar                                              |                                                                                                           |           | 15.00                    | 10.50     |                                       |           |
| Mr. I Unnikrishnan                                              |                                                                                                           |           | 3.00                     | 3.50      |                                       |           |
| Mr. Raveendra Babu                                              |                                                                                                           |           | 3.20                     | 2.90      |                                       |           |
| <b>Remuneration to Directors</b>                                |                                                                                                           |           | 50.13                    | 51.75     |                                       |           |
| Mr. V.P.Nandakumar                                              |                                                                                                           |           | 33.94                    | 33.60     |                                       |           |
| Mr. I Unnikrishnan                                              |                                                                                                           |           | 7.36                     | 10.08     |                                       |           |
| Mr. Raveendra Babu                                              |                                                                                                           |           | 8.83                     | 8.07      |                                       |           |
| <b>Remuneration to other KMPs</b>                               |                                                                                                           |           | 6.48                     | -         |                                       |           |
| <b>Remuneration paid to Relative of KMP</b>                     |                                                                                                           |           |                          |           | 2.17                                  | -         |
| Mr Sooraj Nandan                                                |                                                                                                           |           |                          |           | 1.71                                  | -         |
| Mrs Sumita Jayshankar                                           |                                                                                                           |           |                          |           | 0.47                                  | -         |
| <b>Donation made</b>                                            | 40.11                                                                                                     | 33.44     |                          |           |                                       |           |
| Manappuram Foundations                                          | 40.11                                                                                                     | 33.44     |                          |           |                                       |           |
| <b>Rent Paid</b>                                                | 0.65                                                                                                      | 1.03      | 0.37                     | 0.43      | 0.24                                  | 0.22      |
| Mr. V.P.Nandakumar                                              | -                                                                                                         | -         | 0.37                     | 0.43      | -                                     | -         |
| Mr. Suhas Nandan                                                | -                                                                                                         | -         |                          |           | 0.09                                  | 0.11      |
| Mrs Sumitha Nandakumar                                          | -                                                                                                         | -         |                          |           | 0.11                                  | 0.11      |
| Mr. Sooraj Nandan                                               |                                                                                                           |           |                          |           | 0.04                                  | -         |
| Manappuram Agro Farms Limited                                   | 0.65                                                                                                      | 1.03      |                          |           |                                       |           |
| <b>Rent Received</b>                                            | 0.42                                                                                                      | 0.07      |                          |           |                                       |           |
| Manappuram Jewellers Limited                                    | 0.37                                                                                                      | 0.07      |                          |           |                                       |           |
| Manappuram Agro Farms Limited                                   | 0.04                                                                                                      | -         |                          |           |                                       |           |
| Manappuram Insurance Brokers Private Limited                    | 0.01                                                                                                      | -         |                          |           |                                       |           |
| <b>Electricity Charge Received</b>                              |                                                                                                           |           |                          |           |                                       |           |
| Manappuram Jewellers Limited                                    | 0.26                                                                                                      | -         |                          |           |                                       |           |
| <b>Rent Advance Received</b>                                    | 0.06                                                                                                      | 0.16      |                          |           |                                       |           |
| Manappuram Jewellers Limited                                    | -                                                                                                         | 0.16      |                          |           |                                       |           |
| Manappuram Insurance Brokers Private Limited                    | 0.02                                                                                                      |           |                          |           |                                       |           |
| Manappuram Agro Farms Limited                                   | 0.04                                                                                                      |           |                          |           |                                       |           |
| <b>Balance outstanding as at the year end:</b>                  |                                                                                                           |           |                          |           |                                       |           |
| <b>Amounts payable (net) to related parties</b>                 |                                                                                                           |           | 21.20                    | 16.90     | 3.60                                  | 4.15      |
| Mr. V.P.Nandakumar                                              |                                                                                                           |           | 15.00                    | 10.50     | -                                     | -         |
| Mr. I Unnikrishnan                                              |                                                                                                           |           | 3.00                     | 3.50      | -                                     | -         |
| Mr. Raveendra Babu                                              |                                                                                                           |           | 3.20                     | 2.90      | -                                     | -         |
| Mrs. Rajalakshmi Raveendra Babu                                 |                                                                                                           |           |                          |           | 1.48                                  | 1.98      |
| Ms. Biji Babu                                                   |                                                                                                           |           |                          |           | 0.40                                  | 0.40      |
| Mrs. Sathyalekshmy                                              |                                                                                                           |           |                          |           | 1.05                                  | 1.10      |
| Mrs. Shelly Ekalavyan                                           |                                                                                                           |           |                          |           | 0.67                                  | 0.67      |

### Note:

Related parties have been identified on the basis of the declaration received by the management and other records available.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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## NOTE 25

### Employment benefits disclosures:

The amounts of Provident fund contribution charged to the statement of Profit and loss during the year aggregates to ₹ 223.13 for March 31, 2015 (March 31, 2014 ₹ 160.80)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

### Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

|                                                  | March 31, 2015 | March 31, 2014 |
|--------------------------------------------------|----------------|----------------|
| Current service cost                             | 58.68          | 47.55          |
| Interest cost on benefit obligation              | 13.58          | 8.53           |
| Expected return on plan assets                   | (13.34)        | (9.62)         |
| Net actuarial (gain)/loss recognized in the year | (6.54)         | (9.33)         |
| Net (benefit) / expense                          | 52.38          | 37.13          |
| Actual return on plan assets                     | 17.45          | 8.60           |

### Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

|                                                          | March 31, 2015 | March 31, 2014 |
|----------------------------------------------------------|----------------|----------------|
| Defined benefit obligation                               | (221.20)       | (151.07)       |
| Fair value of plan assets                                | 181.97         | 141.96         |
| Asset/(liability) recognized in the balance sheet        | (39.23)        | (9.11)         |
| Experience adjustments on plan liabilities (Gain) / Loss | (16.58)        | 0.45           |
| Experience adjustments on plan assets Gain / (Loss)      | 6.62           | (1.02)         |

|                                                          | March 31, 2013 | March 31, 2012 |
|----------------------------------------------------------|----------------|----------------|
| Defined benefit obligation                               | (107.98)       | (75.65)        |
| Fair value of plan assets                                | 110.34         | 81.72          |
| Asset/(liability) recognized in the balance sheet        | 2.36           | 6.07           |
| Experience adjustments on plan liabilities (Gain) / Loss | (8.57)         | (26.07)        |
| Experience adjustments on plan assets Gain / (Loss)      | 1.07           | 0.42           |

|                                                          | March 31, 2011 |
|----------------------------------------------------------|----------------|
| Defined benefit obligation                               | (51.91)        |
| Fair value of plan assets                                | 37.10          |
| Asset/(liability) recognized in the balance sheet        | (14.81)        |
| Experience adjustments on plan liabilities (Gain) / Loss | 14.90          |
| Experience adjustments on plan assets Gain / (Loss)      | 0.15           |

Changes in the present value of the defined benefit obligation are as follows:

|                                       | March 31, 2015 | March 31, 2014 |
|---------------------------------------|----------------|----------------|
| Opening defined benefit obligation    | 151.07         | 107.98         |
| On Acquisition of Subsidiary          | 1.73           | -              |
| Interest cost                         | 13.58          | 8.53           |
| Current service cost                  | 58.68          | 47.55          |
| Benefits paid                         | (3.99)         | (2.64)         |
| Actuarial loss / (gain) on obligation | 0.13           | (10.35)        |
| Closing defined benefit obligation    | 221.20         | 151.07         |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

Changes in the present value of the defined benefit obligation are as follows:

|                                                           | March 31, 2015 | March 31, 2014 |
|-----------------------------------------------------------|----------------|----------------|
| Opening fair value of plan assets                         | 141.96         | 110.34         |
| On Acquisition of Subsidiary                              | 2.31           | -              |
| Expected return                                           | 13.34          | 9.62           |
| Contributions by employer                                 | 21.73          | 25.66          |
| Benefits paid                                             | (3.99)         | (2.64)         |
| Actuarial gains / (losses)                                | 6.62           | (1.02)         |
| Closing fair value of plan assets                         | 181.97         | 141.96         |
| Expected contribution to fund to be made in the next year | 40.00          | 30.00          |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                                   | March 31, 2015<br>% | March 31, 2014<br>% |
|-----------------------------------|---------------------|---------------------|
| Discount rate                     | 7.8%                | 8.9%                |
| Attrition rate                    | 15%                 | 15%                 |
| Expected rate of return on assets | 8.5%                | 8.5%                |

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTE 26: Commitments

- Estimated amount of contracts remaining to be executed on capital account, net of advances is ₹ 4.70 as at March 31, 2015 (March 31, 2014 - ₹ 4.32).
- The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of ₹ 270.

## NOTE 27: Contingent liabilities

### (a) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

### (b) Litigations

- Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirement of Indian GAAP
- Income tax demand related to Financial year 2012-13 on account of disallowances of certain expenditure amounting to ₹ 7.72 including interest. The Company has preferred an appeal against the order with Commissioner of Income Tax (Appeals)

### c) On account of Corporate Guarantees provided by the Group

| Particulars                     | March 31, 2015 | March 31, 2014 |
|---------------------------------|----------------|----------------|
| On account of managed portfolio | 160.45         | -              |
| <b>Total</b>                    | <b>160.45</b>  | <b>-</b>       |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE 28

### Lease Disclosures

#### Operating Lease :

Office premises are obtained on operating lease which are cancellable in nature. Operating lease payments are recognized as an expense in the statement of profit and loss.

#### Finance Leases:

The Company has finance leases for vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

| Particulars                                                                                                                 | 31-Mar-15 | 31-Mar-14 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Total minimum lease payments at the year end                                                                                | 5.26      | 6.45      |
| Less: amount representing finance charges                                                                                   | 0.45      | 0.60      |
| Present value of minimum lease payments                                                                                     | 4.81      | 5.85      |
| Lease payments for the year                                                                                                 | 3.75      | 5.04      |
| <b>Minimum lease Payments:</b>                                                                                              |           |           |
| Not less than one year [Present value ₹ 2.84 as on March 31, 2015 (₹ 2.48 as on March 31, 2014)]                            | 3.18      | 3.75      |
| Later than one year but not later than five years [Present value ₹ 1.97 as on March 31, 2015 (₹ 3.37 as on March 31, 2014)] | 2.08      | 2.70      |

|                                        | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 29</b>                        |                         |                         |
| <b>Expenditure in foreign currency</b> |                         |                         |
| Travel                                 | 0.27                    | 1.90                    |
| Training expenses                      | -                       | 0.47                    |
|                                        | <b>0.27</b>             | <b>2.37</b>             |

## NOTE: 30

### Under Recovery of Interest Income

The Group disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2015, the Group has not recognized interest income aggregating to ₹ 773.90 (March 31, 2014 ₹ 881.71).

## NOTE: 31

During the year there have been certain instances of fraud on the Holding Company by employees and others, where gold loan related misappropriations / cash embezzlements have occurred for amounts aggregating an amount of ₹ 69.23 (March 31, 2014 ₹ 127.66) of which the Holding Company has recovered ₹ 8.87 (March 31, 2014 ₹ 64.78). The Holding Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Holding Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Holding Company has created provision aggregating to ₹ 42.98 (March 31, 2014 ₹ 52.97) towards these losses based on its estimate.

## NOTE: 32

### Utilisation of proceeds of public issue.

During the current year, the Company has raised ₹ 2,785.52 (March 31, 2014 ₹ 4,000 including ₹ 2,000 representing application money towards redeemable non-convertible debenture pending allotment) by way of public issue of Secured Non Convertible Debentures (public issue) to be utilised to meet its various financing activities including lending and investment and towards business operations including Capital expenditure and working capital requirements. As at March 31, 2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer document.

## NOTE: 33

### Expenditure on Corporate Social Responsibility (CSR)

For the year ended March 31, 2015 the Group has incurred expenditure of ₹ 43.38 as compared to expenditure required to be spent under section 135 of the Act of ₹ 101.78 resulting in a shortfall of ₹ 58.40.

## Notes

to the consolidated financial statements for the year ended March 31, 2015

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

### NOTE: 34

#### Goodwill on Consolidation

Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2015.

Asirvad a microfinance company registered with RBI under the provision of RBI Act, 1934, is a subsidiary of the Company with effect from February 12, 2015. The total consideration for the acquisition including incidental cost of acquisition was ₹ 1,123.33. The excess purchase consideration paid over the net asset taken over to the extent of ₹ 281.88 has been recognised as goodwill. The subsidiary has accumulated profits of ₹ 160.40 as at March 31, 2015 and the statement of profit and loss for the year includes revenue of ₹ 98.30 million and net profit after tax of ₹ 13.36.

### NOTE 35

#### Additional disclosure as per Schedule III of Companies Act 2013

| Name of the Entity                              | For the year March 31, 2015                          |           |                                      |          |
|-------------------------------------------------|------------------------------------------------------|-----------|--------------------------------------|----------|
|                                                 | Net Assets, i.e Total assets minus total liabilities |           | Share in profit or loss              |          |
|                                                 | As % of consolidated net assets                      | Amount    | As % of consolidated profit and Loss | Amount   |
| Manappuram Finance Limited                      | 94.48%                                               | 24,871.81 | 99.50%                               | 2,701.24 |
| Manappuram Home Finance Company Private Limited | 1.70%                                                | 448.40    | -0.17%                               | (4.7)    |
| Asirvad Microfinance Private Limited            | 3.05%                                                | 803.91    | 0.61%                                | 16.62    |
| Minority Interest in subsidiary                 | 0.77%                                                | 203.87    | 0.06%                                | 1.60     |

| Name of the Entity                              | For the year March 31, 2014                          |           |                                      |          |
|-------------------------------------------------|------------------------------------------------------|-----------|--------------------------------------|----------|
|                                                 | Net Assets, i.e Total assets minus total liabilities |           | Share in profit or loss              |          |
|                                                 | As % of consolidated net assets                      | Amount    | As % of consolidated profit and Loss | Amount   |
| Manappuram Finance Limited                      | 99.54%                                               | 24,802.14 | 100.02%                              | 2,260.35 |
| Manappuram Home Finance Company Private Limited | 0.46%                                                | 115.29    | -0.02%                               | (0.5)    |

### NOTE: 36

#### Acquisition of subsidiary

The Company has pursuant to share purchase agreement dated February 12, 2015 acquired 75% of the Equity share capital of Asirvad Microfinance Private Limited ('Asirvad') and also obtained majority control over the board of directors of Asirvad to 85% by additional investment. The effect of acquisition of this subsidiary on the consolidated financial position as at March 31, 2015 is as follows.

| Particulars                                       | March 31, 2015  |
|---------------------------------------------------|-----------------|
| <b>Equity and liabilities Shareholders' funds</b> |                 |
| Share capital                                     | -               |
| Reserves and surplus                              | 60.50           |
| Preference Share Capital                          | 50.00           |
| Minority Interest                                 | 153.87          |
| <b>Non-current liabilities</b>                    |                 |
| Long-term borrowings                              | 915.86          |
| Other long-term liabilities                       | 0.04            |
| Long-term provisions                              | 7.22            |
| <b>Current liabilities</b>                        |                 |
| Trade Payables                                    | 16.59           |
| Other current liabilities                         | 1,611.19        |
| Short-term provisions                             | 30.86           |
| <b>Total</b>                                      | <b>2,846.13</b> |

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

| Particulars                                                                                        | March 31, 2015  |
|----------------------------------------------------------------------------------------------------|-----------------|
| <b>Assets</b>                                                                                      |                 |
| <b>Non-current assets</b>                                                                          |                 |
| Goodwill on consolidation                                                                          | 281.88          |
| Fixed assets                                                                                       | 9.59            |
| Non-current investments                                                                            | (1,123.33)      |
| Deferred tax assets (net)                                                                          | 13.60           |
| Receivables under financing activity                                                               | 695.83          |
| Long-term loans and advances                                                                       | 8.73            |
| Other Non-Current assets                                                                           | 153.34          |
| <b>Current assets</b>                                                                              |                 |
| Receivables under financing activity                                                               | 1,946.95        |
| Cash and cash equivalents                                                                          | 682.51          |
| Short-term loans and advances                                                                      | 8.49            |
| Other current assets                                                                               | 168.54          |
| <b>Total</b>                                                                                       | <b>2,846.13</b> |
| Total revenue from operations and other income considered in the consolidated financial statements | 98.30           |
| Profit considered in the consolidated financial statements                                         | 13.37           |

## NOTE: 37

### Agreement with MAS Financial Services Limited

Asirvad has entered into agreements with MAS Financial Services Limited ('MAS') whereby Asirvad will undertake to disburse and manage loans on behalf of MAS. Asirvad will pay an interest of 15.25% to MAS and shall be entitled to retain the interest over and above the specified percentage for the services rendered. The interest payable on such portfolio and instalments collected and held in trust for MAS work out to ₹ 38.86 which is disclosed under Note No.8 Other Current Liabilities. Asirvad is liable for the collection of the loans and any losses arising on default of the loans is to be borne by Asirvad. Asirvad has also given a cash collateral of ₹ 38.21 in the form of fixed deposits and a guarantee defined as a percentage of loan outstanding at any point of time.

## NOTE 38

### Agreement with Adhikar Microfinance Private Limited

Asirvad has entered into an agreement dated 15 December 2013 with Adhikar Microfinance Private Limited ('Adhikar') whereby Adhikar will undertake to source the prospective borrowers, disburse the loans and manage the loans on behalf Asirvad. The loans will be recorded in the books of Asirvad and the interest income and fee on such loans shall be receivable by Asirvad. Asirvad shall pay a fee compensation equal to interest of 6% on the loans to Adhikar for the services rendered. Value of portfolio disbursed under this arrangement and outstanding as at March 31, 2015 aggregates to ₹ 17.89 million, which is included in Microfinance Loan in Note 13 Loans and Advances. The fee paid to Adhikar during this period amounted to ₹ 0.36 which has been included under Commission in Note 20 Other expenses.

# Notes

to the consolidated financial statements for the year ended March 31, 2015

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

## NOTE: 39 Securitization of assets

| Particulars                                                                        | March 31, 2015 |
|------------------------------------------------------------------------------------|----------------|
| Total number of loan assets securitized during the year                            | 24,491         |
| Book value of loan assets securitized during the year                              | 254.63         |
| Sale consideration received during the year                                        | 271.59         |
| Gain / (loss) on the securitization transaction recognised in P&L                  | 2.29           |
| Gain / (loss) on the securitization transactions deferred                          | 14.67          |
| Quantum of Credit Enhancement provided on the transactions in the form of deposits | 14.66          |
| Quantum of Credit Enhancement as at year end                                       | 14.66          |

All Securitizations are premium structure transactions. Hence there is no interest spread earned by the Group. The amount shown is the amortization of Unamortised income.

## NOTE: 40 Previous year figures

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

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

As per our report of even date

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

per **Bharath NS**  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

**V. P. Nandakumar**  
Managing Director & CEO

**Kapil Krishan**  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

**B. N. Raveendra Babu**  
Executive Director

**Ramesh Periasamy**  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended March 31, 2015

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

|                                                                                                             | March 31, 2015 | March 31, 2014 |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                                               |                |                |
| <b>Net profit before taxation</b>                                                                           | 4,136.73       | 3,430.25       |
| Depreciation and amortization                                                                               | 540.23         | 638.95         |
| (Profit)/loss on sale of fixed assets                                                                       | (7.10)         | (4.82)         |
| Net gain on sale of current investments                                                                     | (80.53)        | (169.49)       |
| Interest Income                                                                                             | (130.68)       | (229.87)       |
| Interest Expense                                                                                            | 8,454.42       | 10,020.75      |
| Provision for standard assets                                                                               | 32.66          | (44.43)        |
| Bad debts/advances written off / provision for non performing assets and provision for unfulfilled advances | 249.30         | 513.10         |
| Provision for Litigation claim                                                                              | 4.64           | 9.69           |
| <b>Operating profit before working capital changes</b>                                                      | 13,199.67      | 14,164.13      |
| Movements in working capital :                                                                              |                |                |
| Increase/ (decrease) in trade payable                                                                       | (117.60)       | (48.93)        |
| Increase/ (decrease) in other current liabilities and provisions                                            | (588.89)       | (1,841.23)     |
| Increase/ (decrease) in long term provisions                                                                | 1.98           |                |
| Decrease / (increase) in long-term loans and advances                                                       | (1,026.85)     | (120.60)       |
| Decrease / (increase) in short-term loans and advances                                                      | (10,939.08)    | 17,606.52      |
| Decrease / (increase) in other current assets                                                               | (57.87)        | 757.33         |
| Increase / (decrease) in Other long term liabilities                                                        | 23.70          | (20.17)        |
| <b>Cash generated from / (used in) operations</b>                                                           | 495.06         | 30,497.05      |
| Direct taxes paid (net of refunds)                                                                          | (1,406.73)     | (1,256.97)     |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                                               | (911.67)       | 29,240.08      |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                              |                |                |
| Purchase of fixed assets, including CWIP                                                                    | (255.19)       | (258.66)       |
| Proceeds from sale of fixed assets                                                                          | 10.55          | 9.48           |
| Purchase of current investments                                                                             | (1,499.80)     | (7,310.09)     |
| Purchase of non current investments                                                                         | -              | (163.56)       |
| Sale of current investments                                                                                 | 7,493.33       | 6,662.80       |
| Acquisition of subsidiaries                                                                                 | (490.34)       | (123.56)       |
| Redemption/ maturity of bank deposits (having original maturity of more than three months)                  | 1,467.45       | 3,489.64       |
| Investments in bank deposits (having original maturity of more than three months)                           | (743.09)       | (2,588.78)     |
| Interest received                                                                                           | 218.41         | 233.36         |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                                               | 6,201.32       | (49.37)        |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                              |                |                |
| Proceeds from Institutional debentures (long term)                                                          | 459.58         | 100.00         |
| Repayment of Institutional debentures (long term)                                                           | (1,227.04)     | (3,042.14)     |
| Proceeds from issuance of public debentures                                                                 | 4,785.52       | 2,000.00       |
| Repayment of Public debentures                                                                              | (455.61)       | (2,987.32)     |
| Repayment of Institutional debentures (short term)                                                          | -              | (999.79)       |
| Proceeds from Retail Debenture                                                                              | 50.00          | 2,730.40       |
| Repayment of Retail Debenture                                                                               | (2,565.61)     | (3,354.16)     |
| Proceeds from Inter corporate deposits                                                                      | -              | 112.50         |
| Repayment of inter corporate deposits                                                                       | (32.50)        | (80.00)        |
| Application money received for issue of redeemable non-convertible debenture                                | (2,000.00)     | 2,008.15       |

# Consolidated Cash Flow Statement

for the year ended March 31, 2015

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

|                                                                          | March 31, 2015    | March 31, 2014     |
|--------------------------------------------------------------------------|-------------------|--------------------|
| Proceeds from Commercial paper                                           | 65,711.98         | 19,755.65          |
| Repayment of Commercial paper                                            | (64,805.84)       | (20,462.19)        |
| Proceed from Vehicle Loan                                                | -                 | 2.13               |
| Repayment of Vehicle Loan                                                | (1.04)            | (4.43)             |
| Repayment of Subordinate Debt                                            | (531.85)          | (387.11)           |
| Proceed from Term loan from Bank                                         | 1,10,840.00       | 57,110.00          |
| Repayment of Term Loan from Banks                                        | (84,064.23)       | (66,270.21)        |
| Proceeds from Borrowings from others                                     | 58.76             | 750.00             |
| Repayment of Borrowings from others                                      | (1,621.52)        | (2,767.72)         |
| Proceeds / (Repayment) in working capital bank borrowings (net)          | (20,600.76)       | (2,400.37)         |
| Interest Expense paid                                                    | (8,179.15)        | (9,712.17)         |
| Dividends paid                                                           | (1,135.64)        | (1,135.65)         |
| Tax on dividend paid                                                     | (215.71)          | (193.00)           |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>         | <b>(5,530.66)</b> | <b>(29,227.43)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>  | <b>(241.01)</b>   | <b>(36.72)</b>     |
| Cash and cash equivalents at the beginning of the year                   | 6,509.47          | 6,473.57           |
| Add: Cash and cash equivalent acquired as part of subsidiary acquisition | 504.01            | 72.62              |
| <b>Cash and cash equivalents at the end of the year</b>                  | <b>6,772.47</b>   | <b>6,509.47</b>    |
| <b>Components of cash and cash equivalents</b>                           |                   |                    |
| Cash on hand                                                             | 1,517.53          | 1,221.67           |
| With banks                                                               |                   |                    |
| - in current account                                                     | 4,735.30          | 2,675.31           |
| - in deposit account                                                     | 105.00            | 140.00             |
| - in escrow account*                                                     |                   |                    |
| NCD public issue application money                                       | -                 | 2,008.15           |
| Unpaid matured deposit account                                           | 0.07              | 0.22               |
| Unpaid auction surplus deposit                                           | 390.21            | 443.60             |
| Unpaid dividend account                                                  | 24.36             | 20.52              |
| <b>Total cash and cash equivalents (note 15)</b>                         | <b>6,772.47</b>   | <b>6,509.47</b>    |

\*The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.

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

As per our report of even date

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

per Bharath NS  
Partner  
Membership no.: 210934

Date : May 14, 2015  
Place: Chennai

For and on behalf of the Board of Directors

V. P. Nandakumar  
Managing Director & CEO

Kapil Krishan  
Chief Financial Officer

Date : May 14, 2015  
Place: Valapad, Thrissur

B. N. Raveendra Babu  
Executive Director

Ramesh Periasamy  
Company Secretary

# Corporate Information

## REGISTERED OFFICE

V/470A (Old) W/638(New), Manappuram House  
Valapad PO, Thrissur - 680 567, Kerala.  
Phone No(s): 04873050100,108  
Fax No: 04872399298  
Email: cosecretary@manappuram.com  
Website: www.manappuram.com  
Company Registration No: 09-06623  
CIN No: L65910KL1992PLC006623  
RBI Registration No: 16.00029

## CHAIRMAN

Mr. Jagdish Capoor

## MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. V.P.Nandakumar

## EXECUTIVE DIRECTOR

Mr. B.N.Raveendra Babu

## BOARD MEMBERS

Mr. I.Unnikrishnan  
Adv. V.R.Ramachandran  
Mr. P.Manomohanan  
Mr. Shailesh J Mehta  
Mr. E.A.Kshirsagar  
Mr. Rajiven.V.R  
Mr. Pradeep Saxena  
Dr. Amla Samanta

## COMPANY SECRETARY

Mr. Ramesh Periasamy

## CHIEF FINANCIAL OFFICER

Mr. Kapil Krishan

## CHIEF GENERAL MANAGER

Mr. N. R. Bahuleyan

## REGISTRAR AND SHARE TRANSFER AGENTS

M/s. SKDC Consultants Limited  
Kanapathy Towers  
3rd Floor, 1391/A-1,Sathy Road  
Ganapathy PO, Coimbatore - 641 006  
Ph. 0422 6549995, 0422 2539835  
Email info@skdc-consultants.com

## STATUTORY AUDITORS

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TIDEL Park, 6th & 7th Floor - A Block,  
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## SHARE LISTED AT

Bombay Stock Exchange  
National Stock Exchange  
Madras Stock Exchange  
BSE Scrip Code 531213  
ISIN- INE 522 D 01027

## BANKERS/FINANCIAL INSTITUTIONS

Allahabad Bank  
Andhra Bank  
Axis Bank  
Bank of India  
Bank of Maharashtra  
Central Bank  
Corporation Bank  
Dhanlaxmi Bank  
Federal Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank  
Indian Overseas Bank  
ING Vysya  
Jammu And Kashmir Bank  
Karnataka Bank  
Kotak Mahindra Bank  
Lakshmi Vilas Bank  
Oriental Bank of Commerce  
Punjab and Sind Bank  
Punjab National Bank  
Ratnakar Bank  
South Indian Bank  
State Bank of Bikaner and Jaipur  
State Bank of India  
State Bank of Patiala  
Syndicate Bank  
Tamilnad Mercantile Bank  
UCO Bank  
Union Bank Of India  
United Bank of India  
Vijaya Bank

## Awards and Accolades



Manappuram wins prestigious IBA Award



KMA Nasscom IT Innovation Award



D&B Manappuram Finance Limited Corporate Award 2014 sponsored by Manappuram



Golden Peacock Special Commendation for Manappuram's CSR at Golden Peacock Awards



7th ASSOCHAM'S International Gold Summit August 21, 2014, New Delhi



Kerala Insurance Conclave, July 18, 2014 Hotel Le Meridien, Kochi

**www.manappuram.com**



**Registered office**

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