IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")). ANY OFFERING PURSUANT HERETO IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be located outside the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that you and any customers you represent are, and the electronic mail address that you provided us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

As per the provisions of applicable Indian regulations, only investors that are residents of Financial Action Task Force ("**FATF**") or International Organisation of Securities Commission's ("**IOSCO**") compliant jurisdictions are eligible to purchase the Notes, including Indian Rupee-denominated Notes ("**Synthetic INR Notes**") issued by the Issuer. Further, banks incorporated in India, or branches or subsidiaries of banks incorporated in India are not permitted to purchase or hold Synthetic INR Notes except in the capacity of an arranger or an underwriter. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular you shall be deemed to have represented to us that (1) you are a resident of a FATF or an IOSCO compliant jurisdiction, and (2) you are not a bank incorporated in India, or a branch or subsidiary of a bank incorporated in India in relation to Synthetic INR Notes.

This Offering Circular has not been and will not be registered, produced or made available to all as an offer document (whether a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with the Registrar of Companies of India ("**RoC**") or the Securities and Exchange Board of India ("**SEBI**") or the Reserve Bank of India ("**RBI**") or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and a dealer or any affiliate thereof is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Manappuram Finance Limited in such jurisdiction.

This Offering Circular has been sent to you in an electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Manappuram Finance Limited, UBS AG Singapore Branch (the "**Arranger**"), any person who controls the Arranger or any dealer, any director, officer, employee or agent of Manappuram Finance Limited, the Arranger or any dealer, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or any dealers.

Actions that you may not take: If you receive this Offering Circular by e-mail, you should not reply by e-mail to this Offering Circular, and you may not purchase any securities by doing so. Any reply by e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this Offering Circular by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

MANAPPURAM FINANCE LIMITED

Make Life Easy

MANAPPURAM FINANCE LIMITED

*(incorporated in the Republic of India on 15 July 1992 under the Companies Act, 1956 and a company within the meaning of Section 2(20) of the Companies Act 2013 with the Registrar of Companies, (“**ROC**”) and received a certificate of commencement of business from the ROC on 31 July 1992) with CIN L65910KL1992PLC006623)*

U.S.$750,000,000
Secured Euro Medium Term Note Programme

Under the U.S.$750,000,000 Secured Euro Medium Term Note Programme described in this Offering Circular (the “**Programme**”), Manappuram Finance Limited (the “**Issuer**”, the “**Company**” or “**MFL**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “**Notes**”). The Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$750,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Summary of the Programme*” or any additional dealer appointed under the Programme from time to time by the Issuer (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this offering circular (the “**Offering Circular**”) to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

The Notes (and any related Receipts and Coupons) constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the Trust Deed (as defined in the Terms and Conditions of the Notes (the “**Terms and Conditions of the Notes**“ or the “**Conditions**” and each term therein a “**Condition**”)) are or, as the case may be, will be secured by, *inter alia,* a first ranking *pari passu* charge (by way of hypothecation) over all current assets, book-debts, loans and advances, receivables, including gold loan receivables, both present and future (the “**Receivables**”) and all benefits, rights, title, interest, claims and demands whatsoever of the Issuer in, to or in respect of all the aforesaid amounts, both present and future (collectively referred to as the “**Collateral**”), provided that the Collateral shall not include any property, assets and/or receivables of the Issuer from the Collateral designated as Excluded Collateral (as defined in the Terms and Conditions of the Notes) pursuant to Condition 5.4(b) of the Terms and Conditions of the Notes. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Collateral Security Interest (as defined in the Terms and Conditions of the Notes) will be created in favour of the Security Trustee (as defined in the Terms and Conditions of the Notes) (for the benefit of itself, the Trustee (as defined in the Terms and Conditions of the Notes) and the holders of the Notes (each a “**Noteholder**”) (together, the “**Secured Parties**”)) by way of a first ranking *pari passu* charge and will be shared on a *pari passu* basis with the beneficiaries of all Permitted Collateral Security Interests (as defined in the Terms and Conditions of the Notes). The Collateral Security Interest shall be continuing security and shall remain in full force and effect until all the Liabilities (as defined in the Deed of Hypothecation (as defined in the Terms and Conditions of the Notes)) have been paid in full to the satisfaction of the Trustee (as defined in the Terms and Conditions of the Notes) and confirmed in writing by the Trustee, subject to Condition 4.2 of the Terms and Conditions of the Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associates (if any), the Programme or such Notes.

Investors are advised to read and understand the contents of this document before investing. If in doubt, the investors should consult his or her adviser.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the Terms and Conditions of the Notes) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the listing of Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange. The Issuer may also issue unlisted Notes.

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). Each Tranche of Bearer Notes of each Series (as defined in the Terms and Conditions of the Notes) will initially be represented by either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**” and, together with a Temporary Bearer Global Note, the “**Bearer Global Notes**”, and each a “**Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg. On and after the date (the “**Exchange Date**”) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series.

Registered Notes sold in an “offshore transaction” within the meaning of Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), which will be sold outside the United States (“**U.S.**”), will initially be represented by a global note in registered form, without receipts or coupons, (a “**Registered Global Note**”) and together with the Bearer Global Notes, the “Global Notes”) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of such common depositary.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to SEBI, any ROC, the RBI or any other statutory or regulatory body of like nature in India., save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer. See “*Subscription and Sale*”.

The Programme is expected to be assigned a rating of “BB-” and “BB-” by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“**S&P**”) and Fitch Inc. (“**Fitch**”), respectively. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations in respect of the Notes are discussed under “*Risk Factors*”.

Arranger and Dealer

UBS

The date of this Offering Circular is 26 November 2019.

IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Offering Circular. The Issuer confirms that: (i) this Offering Circular as of its date contains all information which is (in the context of the Programme or the issue, offering and sale of the Notes) material; (ii) such information is true and accurate in all material respects and is not misleading; (iii) any opinions and or intentions expressed in this Offering Circular are honestly held, have been reached after due and careful consideration and are based on reasonable assumptions; (iv) this Offering Circular as of this date does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme or the issue, offering and sale of the Notes) not misleading; (v) and all proper enquiries have been made to ascertain or verify the foregoing; and this Offering Circular as of such date did not contain any untrue statement of a material fact nor does it omit to state any material fact necessary to make the statements therein not misleading.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, UBS AG Singapore Branch (the "**Arranger**"), the Security Trustee, the Trustee and the Agents (each as defined in the Terms and Conditions of the Notes) to inform themselves about and to observe any such restrictions. None of the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

If a jurisdiction requires that an offering be made by a licenced broker or dealer and the Dealer or any affiliate thereof is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, Japan, the Republic of India, Hong Kong, Singapore, and to persons connected therewith. See "*Subscription and Sale*" for a discussion of these restrictions.

In accordance with applicable provisions of Indian regulations, only investors that are residents of an FATF or IOSCO compliant jurisdiction are eligible to purchase or subscribe to the Notes. By purchasing the Notes, each investor shall be deemed to have acknowledged, represented and agreed that such investor is eligible to purchase the Notes under applicable laws and regulations and is a resident of an FATF or IOSCO compliant jurisdiction and is not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes and that so long as it holds any of the Notes, it will continue to be a resident of an FATF or IOSCO compliant jurisdiction and shall comply with applicable provisions of Indian regulations. In addition to the above, in relation to Synthetic INR Notes, each investor shall be deemed to have acknowledged, represented and agreed that it is not a subsidiary or offshore branch of an Indian bank and is not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Synthetic INR Notes.

Listing of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associates (if any), the Programme or such Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same.

This Offering Circular is highly confidential and has been prepared by the Issuer solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. The Issuer has not authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and (a) may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful, and (b) should not be considered as a recommendation by the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.$750,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Programme Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as Stabilisation Manager(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of a Stabilisation Manager) in the applicable Pricing Supplement may, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of the relevant Stabilisation Manager) in accordance with all applicable laws and rules.

None of the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, has independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, none of the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, make any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arranger, the Dealer, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates. To the fullest extent permitted by law, none of the Arranger, the Dealer, the Trustee, the Security Trustee and the Agents, and any of their respective directors, officers, employees, agents, advisers, representatives and affiliates, accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. The Arranger, the Dealer, the Trustee, the Security Trustee and the Agents, and each of their respective directors, officers, employees, agents, advisers, representatives and affiliates, accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial, legal and tax advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, that any recipient of this Offering Circular or of any such information should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation with its own tax, legal and business advisers as it deems necessary. None of the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

IMPORTANT – **EEA RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(1) of the SFA) that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MARKET AND INDUSTRY DATA

Information regarding market position, growth rates and other industry data pertaining to the business of the Issuer contained in this Offering Circular consists of estimates based on data and reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Issuer competes. The statistical information included in this Offering Circular relating to the various sectors in which the Issuer operates has been reproduced from various trade, industry and regulatory/government publications and websites. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

The information has not been independently verified by the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, and none of the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, make any representation as to the correctness, accuracy or completeness of that information. Similarly, while the Issuer believes that its internal estimates are reasonable, such estimates have not been independently verified by any independent sources, and none of the Issuer, the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, can assure potential investors as to their accuracy. Accordingly, such information should not be unduly relied upon.

The extent to which the market and industry data used in this Offering Circular is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer has, up until the year ended 31 March 2018, prepared its financial statements in accordance with the generally accepted accounting principles in India including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014, as amended ("**Indian GAAP**"), which differ in certain respects from generally accepted accounting principles in other countries. The Indian GAAP differ in certain significant respects from the International Financial Reporting Standards ("**IFRS**"). On and from 1 April 2018, the Issuer has prepared its financial statements in accordance with Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**IND-AS**"), as amended. For a discussion on certain significant differences between Indian GAAP, IND-AS and IFRS, see "Summary of certain differences among Indian GAAP, IFRS and IND-AS". The Issuer publishes its financial statements in Indian Rupees. The degree to which the financial information prepared in accordance with Indian GAAP and IND-AS will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP and IND-AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Circular should accordingly be limited. The Issuer has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Issuer urges prospective investors to consult their own advisors regarding such differences and their impact on the Issuer's financial data.

The audited consolidated financial statements of the Issuer for the year ended 31 March 2017 (the "**2017 Audited Financial Statements**") included in this Offering Circular has been prepared in accordance with Indian GAAP and have been audited by S.R. Batliboi & Associates LLP ("**S.R. Batliboi**"). The 2017 Audited Financial Statements are set out on pages F-168 to F-225 in this Offering Circular. The 2017 Audited Financial Statements should be read in conjunction and in entirety with the related notes and auditor's report included thereto. The audited consolidated financial statements of the Issuer for the year ended 31 March 2018 (the "**2018 Audited Financial Statements**") and for the year ended 31 March 2019 (the "**2019 Audited Financial Statements**"), each included in this Offering Circular has been prepared in accordance with Indian GAAP and IND-AS, respectively. The 2018 Audited Financial Statements and the 2019 Audited Financial Statements have been audited by Deloitte Haskins & Sells LLP ("**DHS LLP**") and are set out on pages F-110 to F-167 and F-10 to F-109, respectively, in this Offering Circular. The 2018 Audited Financial Statements and the 2019 Audited Financial Statements should be read in conjunction and in entirety with their respective related notes and auditor's report included thereto.

The unaudited and reviewed consolidated financial statements of the Issuer for the six months ended 30 September 2019 (the "**Reviewed Interim Financial Statements**") included in this Offering Circular has been prepared in accordance with IND-AS and have been reviewed by DHS LLP. The Reviewed Interim Financial Statements are set out on pages F-3 to F-9 in this Offering Circular. The Reviewed Interim Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Arranger, the Dealer, the Trustee, the Security Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives, makes any representation or warranty, express or implied, regarding the sufficiency the Reviewed Interim Financial Statements, for an assessment of, and potential investors must exercise caution when using such data to evaluate the Issuer's financial condition, results of operations and results. The Reviewed Interim Financial Statements should be read in conjunction and in entirety with the related notes thereto.

The 2017 Audited Financial Statements, the 2018 Audited Financial Statements, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements should not be taken as an indication of the expected financial condition, results of operations and results of the Issuer for the full year ending 31 March 2020.

Unless stated or unless the context requires otherwise, all financial information:

(a) as of and for the year ended 31 March 2017 set out in this Offering Circular are derived from the 2017 Audited Financial Statements prepared on the basis of Indian GAAP;

(b) as of and for the year ended 31 March 2018 set out in this Offering Circular are derived from the 2018 Audited Financial Statements prepared on the basis of Indian GAAP;

(c) as of and for the year ended 31 March 2019 set out in this Offering Circular are derived from the 2019 Audited Financial Statements prepared on the basis of IND-AS; and

(d) as of and for the six months ended 30 September 2018 and 2019 set out in this Offering Circular are derived from the Reviewed Interim Financial Statements prepared on the basis of IND-AS.

Additional disclosure in respect of S.R. Batliboi

S.R. Batliboi & Co. LLP was informed by the RBI via a press release dated June 3, 2019 that the RBI will not approve S.R. Batliboi & Co. LLP for carrying out statutory audit assignments for commercial banks for one year commencing from April 1, 2019. This does not impact S.R. Batliboi & Associates LLP role as the Issuer's statutory auditors.

Additional disclosure in respect of DHS LLP

DHS LLP, the statutory auditors which audited the Issuer's consolidated financial statements as of and for the years ended 31 March 2018 and 31 March 2019 and reviewed the Issuer's consolidated interim financial statements for the six months ended 30 September 2018 and 30 September 2019, is a firm registered with the Institute of Chartered Accountants of India. It has been reported that in connection with certain allegations made by the Serious Fraud Investigation Office in respect of one of its audit assignments, the Ministry of Corporate Affairs in India (the "**MCA**") has filed, among others, a petition with the National Company Law Tribunal ("**NCLT**") seeking an order under Section 140(5) of the Companies Act, 2013 (against DHS LLP and another audit firm which was the joint auditor with DHS LLP of the entity concerned in a recent past fiscal year) which, if passed and finally upheld, could impose a restriction on the past auditors of the company concerned from being appointed as an auditor of any company for a five-year period. The MCA has also made other applications before other judicial/quasi-judicial forums seeking certain other orders against DHS LLP and the other audit firm. Both the auditors have raised objections to the proceedings on technical and legal grounds, and have appealed against, or challenged the basis of, the proceedings. The matters are currently pending before various appellate or other forums and are thus sub-judice. As of the date hereof, there are no orders that prevent these auditors from being appointed as auditors of any company. These alleged lapses are unrelated to the Issuer's consolidated financial statements and procedures.

CERTAIN DEFINITIONS

In this Offering Circular, references to "**India**" are to the Republic of India, references to the "**Government**" or the "**Government of India**" are to the Government of India, and references to the "**RBI**" are to the Reserve Bank of India. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to "fiscal year" are to the year ended 31 March.

All references in this Offering Circular to "**U.S. dollars**" and "**U.S.$**" refer to United States dollars, to "**Rs.**", "**INR**", "**Rupee**" and "**Rupees**" refer to Indian Rupees, and to "**S$**" refers to Singapore dollars. In addition, references to "**Sterling**" refers to pounds sterling and to "**euro**", "**Eur**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of Rs. 70.64 per U.S.$1.00 (the closing exchange rate on 30 September 2019 based on https://www.federalreserve.gov/releases/H10/hist/dat00_in.htm). Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. No representation is made that the Rupee or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Rupees, as the case may be, at any particular rate, or at all.

References to "**lakhs**" and "**crores**" in our financial statements are to the following:

One lakh	100,000 (one hundred thousand)
One crore	10,000,000 (ten million)
Ten crores	100,000,000 (one hundred million)
One hundred crores	1,000,000,000 (one thousand million or one billion)

In this Offering Circular, where information has been presented in millions or billions of units, amounts may have been rounded, in the case of information presented in millions, to the nearest ten thousand or one hundred thousand units or, in the case of information presented in billions, one, ten or one hundred million units. Accordingly, the totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

For the purposes of this Offering Circular, the following definitions shall apply throughout, unless the context otherwise requires:

AD Bank	Designated authorised dealer category I bank appointed in accordance with the ECB Master Directions.
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016, as amended.
Companies Act	The Companies Act, 2013 and/or the Companies Act, 1956, as applicable.

Companies Act, 1956	The (Indian) Companies Act, 1956, as amended and to the extent effective read with the rules, regulations, clarifications and modifications thereunder.
Companies Act, 2013	The (Indian) Companies Act, 2013, as amended and to the extent effective, read with the rules, regulations, clarifications and modifications thereunder.
ECB	External Commercial Borrowing.
ECB Guidelines.	The Foreign Exchange Management Act, 1999, as amended or the rules and regulations issued thereunder, together with (a) the Foreign Exchange Management (Borrowing or Lending) Regulations, 2018 and circulars or notifications issued thereunder by the RBI; (b) the ECB Master Direction; (c) the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016; and (d) any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the RBI, in each case, as amended, modified, replaced or substituted from time to time pursuant to any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other Indian governmental agency in relation to external commercial borrowings.
ECB Master Directions.	Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations, FED Master Direction No. 5/2018-19 dated 26 March 2019, issued by the RBI, as amended from time to time.
Eligibility Requirements.	The requirements under the ECB Master Directions which prescribe that the Notes can only be subscribed by persons who are: (A) (i) residents of a country which is a FATF Compliant Country or an IOSCO Compliant Country; or (ii) multilateral or regional financial institutions where India is a member country; or (iii) individuals who are foreign equity holders or subscribe to debentures or bonds listed outside India that satisfy the conditions under the ECB Master Directions; or (iv) foreign branches or subsidiaries of Indian banks (except that: (a) such foreign branches or subsidiaries of Indian banks can only subscribe to the Notes denominated in a freely convertible currency other than the Indian Rupee and (b) Synthetic INR Notes can only be subscribed by such foreign branches or subsidiaries of Indian banks in their capacity as underwriters or arrangers or market makers or traders, subject to compliance with applicable prudential norms); and (B) in compliance with other requirements specified by the RBI from time to time in relation to ECBs by Indian entities and are not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

Expected Credit Loss ("ECL"). . .	ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate.
FATF.	Financial Action Task Force.
FEMA	Foreign Exchange Management Act, 1999, as amended and the rules and regulations issued thereunder.
IOSCO	International Organisation of Securities Commission.
NBFC	Non-banking finance company.
Gross NPA.	Outstanding loans including future principal and excluding unrealised interest accrued and due under NPA accounts.
Net Loan Assets	Total Loan Assets as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.
Net Loan Assets as per IND-AS (Net of Provisions)	Secured hypothecation loans, other secured borrowings, retained interest on securitisation, unsecured borrowings and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under IND-AS as adjusted for ECL provisions.
Net NPA	Net NPA means Gross NPA net off provision held for NPA accounts and provision for diminution in fair value of restructured loans.
Restricted Jurisdiction	Any jurisdiction: (a) in which an offer of the Notes would constitute a violation of relevant laws or regulations; and (b) which does not satisfy the Eligibility Requirements.
Restricted Overseas Person	(a) a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, any Restricted Jurisdiction, and includes a branch of an entity located in a Restricted Jurisdiction; or

(b) an offshore branch or subsidiary of an Indian bank (for the purposes of an investment in Synthetic INR Notes, except where such offshore branch or subsidiary of an Indian bank is acting in its capacity as an underwriter, an arranger, a market maker or a trader, subject to compliance with applicable prudential norms); or

(c) a person otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

Stage 1 Assets . . . . Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under IND-AS.

Stage 1 Provision . . . . Stage 1 provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under IND-AS.

Stage 2 Assets . . . . Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under IND-AS.

Stage 2 Provision . . . . Stage 2 provision are life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under IND-AS.

Stage 3 Assets . . . . Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS.

Stage 3 Assets Net of Stage 3 Provision . . . . Stage 3 Assets net of Stage 3 Provision.

Stage 3 Provision . . . . Stage 3 provision are life time expected credit loss resulting from all default events that are possible over the expected life of the financial instrument as defined under IND-AS.

Total Loan Assets . . . . Secured hypothecation loans, other secured borrowings, retained interest on securitisation, unsecured borrowings and unsecured advance for hypothecation loans and includes accrued interest on loans given.

Total Loan Assets as per IND-AS (Gross of Provisions) . . . Secured hypothecation loans, other secured borrowings, retained interest on securitisation, unsecured borrowings and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under IND-AS excluding provisions.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Circular that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. All statements regarding the Issuer's expected financial condition, results of operations and business plans, including potential acquisitions, and prospects are forward-looking statements. These forward-looking statements include statements as to the Issuer's business strategy, revenue and profitability, planned projects and other matters discussed in this Offering Circular that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Issuer's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Important factors that could cause actual results, performance or achievements to differ materially include, among others:

- the Issuer's ability to effectively manage its growth;
- volatility in interest rates and other market conditions;
- increase in the levels of non-performing assets in the Issuer's loan portfolio;
- the Issuer's indebtedness and conditions imposed by its financing arrangements;
- the Issuer's ability to expand into new regions and markets;
- the Issuer's credit ratings and ability to manage its financing costs and secure funding at competitive rates;
- changes in laws, rules and regulations including those relating to the gold finance sector in India applicable to the Issuer;
- the Issuer's ability to successfully implement its growth strategy and expansion plans;
- general political economic and business conditions in India and other countries; and
- the Issuer's ability to maintain its credit quality.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited, to those discussed under the section titled "*Risk Factors*".

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

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a limited liability company incorporated under the laws of India. All of the Issuer's directors (the "**Directors**") and key management personnel ("**Key Management Personnel**") named herein are residents of India. A major portion of the assets of the Issuer and the assets of such Directors and Key Management Personnel are located in India. As a result, it may be difficult for the investors to affect service of process upon the Issuer or such Directors and Key Management Personnel outside India or to enforce judgments obtained against such parties in courts outside India predicated upon civil liabilities of the Issuer or such Directors or Key Management Personnel under laws other than Indian law.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code can be enforced in India (i) by instituting execution proceedings; or (ii) by instituting a suit on such judgment.

Foreign judgments may be enforced by proceedings in execution in certain cases. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Procedure Code is also subject to the exceptions under Section 13 of the Civil Procedure Code, as mentioned above.

The United Kingdom, Singapore and Hong Kong, among other jurisdictions, have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment, which could also increase risks relating to foreign exchange. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate any amount recovered outside India. Any such amount may be subject to income tax in accordance with applicable laws.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, all amendments and supplements from time to time to this Offering Circular, the most recently published audited annual consolidated financial statements and any interim financial results (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer from time to time (if any), together with the audit or review reports in respect thereof, and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be part of this Offering Circular, except as modified or superseded.

Copies of the Trust Deed, the Agency Agreement and (where applicable) the Collateral Documents are available for inspection by Noteholders following prior written request at all reasonable times during normal business hours at the specified office of each of the Principal Paying Agent and the other Paying Agents. Copies of the relevant Pricing Supplement are available for inspection by Noteholders following prior written request at all reasonable times during normal business hours at the specified office of each of the Paying Agents save that, if the relevant Note is an unlisted Note of any Series, the relevant Pricing Supplement may only be inspected by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealer that the Issuer shall update or amend this Offering Circular in a form approved by the Dealer in the event that a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in this Offering Circular which is capable or affecting an assessment of any Notes which may be issued under the Programme.

NOTICE TO POTENTIAL INVESTORS IN SYNTHETIC INR NOTES

Holders and beneficial owners of Synthetic INR Notes to be issued under this Programme shall be responsible for compliance with restrictions on the ownership of the Synthetic INR Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Synthetic INR Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Synthetic INR Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Synthetic INR Notes. Potential investors should seek independent advice and verify that they are residents of FATF or IOSCO compliant jurisdictions prior to any purchase of the Synthetic INR Notes.

The holders and beneficial owners of Synthetic INR Notes shall be deemed to confirm that for so long as they hold any Synthetic INR Notes, they will meet be residents of FATF or IOSCO compliant jurisdiction (each as defined below) and will not be an Indian bank or a subsidiary or branch of a bank incorporated in India. Further, all Noteholders (including holders and beneficial owners) represent and agree that the Synthetic INR Notes will not be transferred or sold or offered as security to any person who is not a resident of an FATF or IOSCO compliant jurisdiction and is an Indian bank or a subsidiary or branch of a bank incorporated in India.

To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and Clearstream, Luxembourg to provide them with details of the accountholders within Euroclear and Clearstream Luxembourg, as may be appropriate, that hold the Synthetic INR Notes and the number of Synthetic INR Notes held by each such accountholder.

Euroclear and Clearstream, Luxembourg participants which are holders of the Synthetic INR Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, Luxembourg, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent.

"**FATF compliant jurisdiction**" means a country that is a member of the Financial Action Task Force ("**FATF**") or a member of a FATF-style regional body and should not be a country identified in the public statement of the FATF as:

(a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

(b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF Financial Action Task Force to address the deficiencies.

"**IOSCO compliant jurisdiction**" means a country whose securities market regulator is a signatory to the International Organisation of Securities Commission's ("**IOSCO's**") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the SEBI for information sharing arrangements.

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GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.$750,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of the Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "Form of the Notes") shall be determined, at the sole discretion of the Principal Paying Agent, as of the date of the Agency Agreement for the relevant Notes;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified in the applicable Pricing Supplement; and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by us for the relevant issue.

The offering of the Notes will be made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Notes are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Notes will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Notes may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of, such persons, unless determined otherwise in compliance with applicable laws. In addition, each purchaser of the Notes will be deemed to represent that it is in compliance of the Eligibility Requirements (as defined in this Offering Circular) and is not a Restricted Overseas Person (as defined in this Offering Circular) and is not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes and so long as it holds any Notes, it will continue to be a person which is not a Restricted Overseas Person and will continue to reside in a jurisdiction which is not a Restricted Jurisdiction (as defined in this Offering Circular).

The Issuer will issue Notes under the Programme in accordance with the ECB Guidelines and applicable laws.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. A reference to a numbered Condition is a reference to the Terms and Conditions of the Notes and the particular Condition bearing that number. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuer	Manappuram Finance Limited.
Legal Entity Identifier	335800JL5WTUSKOSPN77.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil our obligations under Notes issued under the Programme. These are set out under "*Risk Factors*". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under the section entitled "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description	U.S.$750,000,000 Secured Euro Medium Term Note Programme.
Arranger	UBS AG Singapore Branch.
Dealer	UBS AG Singapore Branch and any other Dealers appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*").
Trustee	DB Trustees (Hong Kong) Limited.
Security Trustee	Catalyst Trusteeship Limited.
Principal Paying Agent	Deutsche Bank AG, Hong Kong Branch.
Registrar and Transfer Agent . . .	Deutsche Bank AG, Hong Kong Branch.
Certain Restrictions	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.

Programme Size	U.S.$750,00,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") in aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies.	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to us, including but not limited to, the minimum maturity period specified under the ECB Guidelines.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes.	The Notes will be issued in bearer and/or registered form as described in the section entitled "*Form of the Notes*".
Fixed Rate Notes	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between us and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between us and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines). *Each Fixed Rate Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines). Any additional payment of interest may be subject to a specific approval received by the Issuer from the RBI or the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.*

Floating Rate Notes	Floating Rate Notes will bear interest at a rate, subject to any regulatory requirement, including but not limited to, the ECB Guidelines, determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series), plus or minus a margin (if any); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes, subject to any regulatory requirement (including but not limited to the ECB Guidelines). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both. *Each Floating Rate Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI, the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.*
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as we and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines). *Each Index Linked Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI, the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.*

Other provisions in Floating Rate Notes and Index Linked Interest Notes	Floating Rate Notes and Index Linked Interest Notes may also have a relation to a maximum interest rate, a minimum interest rate or both, subject to any regulatory requirement including but not limited to the ECB Guidelines. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by us and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines). *Each Dual Currency Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or the AD Bank approval pursuant to the ECB Guidelines or any other regulatory authority.*
Partly Paid Notes	The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree. *Each Partly Paid Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or the AD Bank approval pursuant to the ECB Guidelines or any other regulatory authority.*
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes.	The Issuer may agree with any Dealer, the Trustee and the Principal Paying Agent that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption	The applicable Pricing Supplement will indicate either that: (a) the relevant Notes cannot be redeemed prior to their stated maturity other than (i) in specified instalments, if applicable, (ii) for tax reasons, (iii) following a Change of Control Triggering Event (as defined in Condition 8.4 of the Terms and Conditions of the Notes) or (iv) following an Event of Default (as defined in Condition 11.1 of the Terms and Conditions of the Notes); or (b) such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the Terms and Conditions of the Notes or as may be agreed between the Issuer and the relevant Dealer. *Under the ECB Guidelines, any repayment of an ECB prior to its stated maturity requires the prior approval of the RBI or the AD Bank, as the case may be. Therefore, any redemption of the Notes prior to their stated maturity date (including on any exercise of a Noteholder's option following a Change of Control Triggering Event) will require the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines and such approval may or may not be forthcoming.* *See "Risk Factors – Risks relating to the Notes Generally – Approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Master Directions, is required for redemption of Notes prior to their stated maturity, including upon an Event of Default (as defined in the Terms and Conditions of the Notes)."* The applicable Pricing Supplement may provide that Notes may be redeemable in separate instalments in such amounts and on such dates as are indicated in the applicable Pricing Supplement, subject to any regulatory requirements, including but not limited to, the ECB Guidelines.
Denomination of Notes	Notes will be issued in such denominations as may be agreed between us and the relevant Dealer, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Taxation	All payments in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined in Condition 9.2 of the Terms and Conditions of the Notes) unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the "**Additional Amounts**"); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon in the circumstances as provided in Condition 9.1 of the Terms and Conditions of the Notes.
Events of Default	The events of default applicable to the Notes are set out and further described in Condition 11.1 of the Terms and Conditions of the Notes.
Status of the Notes	The Notes (and any related Receipts and Coupons) constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking *pari passu* charge (by way of hypothecation) over all current assets, book-debts, loans and advances, receivables, including gold loan receivables, both present and future (the "**Receivables**") and all benefits, rights, title, interest, claims and demands whatsoever of the Issuer in, to or in respect of all the aforesaid amounts, both present and future (collectively referred to as the "**Collateral**"), provided that the Collateral shall not include any property, assets and/or receivables of the Issuer from the Collateral designated as Excluded Collateral pursuant to Condition 5.4(b) of the Terms and Conditions of the Notes. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Indian law governed deed of hypothecation and any power of attorney, in each case, to be dated on or about the Issue Date and as may be amended or supplemented from time to time (the "**Deed of Hypothecation**"), and other instruments pursuant to which the Security Interests over the Collateral (the "**Collateral Security Interest**") are created are hereinafter collectively referred to as the "**Collateral Documents**".

Limitation on Security Interests . . . . So long as any Notes remain outstanding, the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest, other than Permitted Collateral Security Interests, on the Collateral. See Condition 5.4 of the Terms and Conditions of the Notes for more details.

Post-Closing Collateral Requirement . . . . The Issuer shall duly execute and deliver the Collateral Documents on or prior to the Issue Date. The Issuer shall make the requisite filings and take all such actions as may be required in relation to the perfection of such Security Interest created over the Collateral (including relevant forms as required under the Companies Act, 2013 and rules thereunder and receiving the corresponding certificate of registration from the Registrar of Companies, Ernakulam and ensuring that the Security Trustee makes filings with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India) within 30 days following the Issue Date of each Tranche of Notes.

Maintenance Based Covenants . . So long as any of the Notes remain outstanding, the Security Coverage Ratio (as defined in Condition 5.6 of the Terms and Conditions of the Notes) shall not be less than 1.00 at all times.

See Condition 5.1 of the Terms and Conditions of the Notes for more details.

Consolidation, Merger and Sales of Assets . . . . So long as any of the Notes remains outstanding, the Issuer will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to any Person (the consummation of any such transaction or series of related transactions, a "**Merger**"), unless certain conditions are satisfied. See Condition 5.3 of the Terms and Conditions of the Notes for more details.

Use of Proceeds	The proceeds from each issue of Notes will be used by the Issuer for onward lending, general corporate purposes, refinancing and other activities (in accordance with the approvals granted by the RBI from time to time in relation and in accordance with the ECB Guidelines and other applicable laws). If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.
Ratings	The Programme expected to be assigned a rating of "BB-" and "BB-" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Fitch Inc. ("**Fitch**"). Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.
Listing	Approval-in-principle has been received for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies). Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Clearing System	Euroclear, Clearstream, Luxembourg (each as defined in Condition 1) and/or any other clearing system, as specified in the applicable Pricing Supplement (see "*Form of the Notes*").

Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes under the Prospectus Directive and in the United States, the United Kingdom, Japan, India, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
United States Selling Restrictions	Bearer Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (i) the applicable Pricing Supplement states that Bearer Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C**") or (ii) Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which Bearer Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables set forth the summary financial information of the Issuer at and for the periods indicated.

The summary financial information presented below as at and for the years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2018 and 2019 have been derived from the 2017 Audited Financial Statements, the 2018 Audited Financial Statements, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements which are included elsewhere in this Offering Circular. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's 2017 Audited Financial Statements, the 2018 Audited Financial Statements, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements and the related notes thereto. The 2017 Audited Financial Statements and the 2018 Audited Financial Statements, each prepared under Indian GAAP, have been audited by S.R. Batliboi and DHS LLP respectively. The 2019 Audited Financial Statements and the Reviewed Interim Financial Statements, each prepared under IND-AS, have been audited and reviewed by DHS LLP, respectively.

Selected summary of consolidated balance sheet information as at 31 March 2017 and as at 31 March 2018 extracted from the 2017 Audited Financial Statements and the 2018 Audited Financial Statements, respectively, each prepared under Indian GAAP

	For the year ended 31 March	
	2017	**2018**
	(Rs. million)	
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1,683.80	1,685.07
Reserves and surplus	31,934.15	36,676.97
	33,617.95	**38,362.04**
Minority Interest	238.43	266.75
Non-current liabilities		
Long-term borrowings	31,224.10	26,962.54
Other long-term liabilities	1,134.50	684.25
Long-term provisions	112.99	71.77
	32,471.59	**27,718.56**
Current liabilities		
Short-term borrowings	62,809.43	78,274.66
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	719.12	534.57
Other current liabilities	20,114.61	25,280.38
Short-term provisions	1,550.60	1,887.66
	85,193.76	**105,977.27**
Total	**151,521.73**	**172,324.62**

	For the year ended 31 March	
	2017	2018
	(Rs. million)	
ASSETS		
Non-current assets		
Fixed assets:		
Tangible assets	1,832.10	2,691.48
Intangible assets	31.10	52.88
Capital work-in-progress	6.28	1.46
Goodwill on consolidation	355.65	355.65
Non-current investments	50.53	50.53
Deferred tax assets (net)	777.16	1,039.64
Long-term loans and advances	8,139.04	13,615.08
Other Non current assets	1,274.07	659.32
	12,465.93	**18,466.04**
Current assets		
Cash and cash equivalents	5,226.90	6,986.45
Short-term loans and advances	130,277.61	143,019.25
Other current assets	3,551.29	3,852.88
	139,055.80	**153,858.58**
Total	**151,521.73**	**172,324.62**

Consolidated Balance Sheet as at 31 March 2018 derived from the comparatives from the 2019 Audited Financial Statements and the Consolidated Balance Sheet as at 31 March 2019 derived from the 2019 Audited Financial Statements prepared under IND-AS and the Consolidated Balance Sheet as at 30 September 2018 derived from the Reviewed Interim Financial Statements as at 30 September 2018 and Consolidated Balance Sheet as at 30 September 2019 derived from the Reviewed Interim Financial Statements as at 30 September 2019 prepared under IND-AS.

(1) Company has published Consolidated Balance Sheet as at 30 September 2018 in Rs.lakhs. However, for comparison purpose, the same has been converted into Rs. million.

(2) Company has published Consolidated Balance Sheet as at 30 September 2019 in Rs. crores. However, for comparison purpose, the same has been converted into Rs. million.

	For the year ended 31 March		Six months ended 30 September	
	2018	2019	2018	2019
	(Rs. million)			
ASSETS				
Financial Assets				
Cash and cash equivalents	4,842.82	8,403.80	3,674.98	13,717.65
Bank balances other than above	2,398.43	3,238.15	3,637.46	3,513.27
Derivative financial instruments	–	32.31	111.60	40.91

	For the year ended 31 March		Six months ended 30 September	
	2018	2019	2018	2019
		(Rs. million)		
Receivables				
Trade receivables	10.88	27.13	7.21	17.16
Loans	152,438.65	178,119.15	167,480.77	210,320.35
Investments	49.25	1,737.55	467.83	1,295.71
Other financial assets	4,569.45	6,016.83	5,721.14	5,770.99
Total financial assets	**164,309.48**	**197,574.92**	**181,100.99**	**234,676.04**
Non-financial assets				
Current tax assets (net)	1,057.71	1,694.05	83.66	1,065.55
Deferred tax assets (net)	1,098.25	888.55	1,015.45	828.16
Investment property	0.86	0.86	0.00	0.86
Property, plant and equipment	2,686.56	3,124.73	2,671.22	3,180.19
Capital work-in-progress	1.47	8.90	132.37	11.17
Goodwill	355.65	355.65	355.65	355.65
Other intangible assets	56.90	184.66	217.19	181.92
Right of use Asset	–	–	–	1,795.33
Other non-financial assets	729.22	707.71	1,643.91	671.18
Total assets	**170,296.10**	**204,540.03**	**187,220.44**	**242,766.05**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	66.62	–	–	–
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	–	0.30	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,181.55	1,326.26	979.25	1,543.66
Debt securities	54,295.44	55,986.53	58,181.33	56,578.82
Borrowings (other than debt securities)	70,575.57	95,770.84	82,105.92	125,635.80
Deposits	–	19.20	–	0.10
Subordinated liabilities	1,199.55	1,195.88	59.13	1,246.93
Lease liability	–	–	–	2,065.91
Other financial liabilities	3,537.11	3,062.61	2,591.19	3,472.65
Non-financial liabilities				
Provisions	449.62	547.67	419.83	492.76
Other non-financial liabilities	566.68	925.01	1,127.54	654.22
	131,872.14	**158,834.30**	**145,464.19**	**191,690.85**
Equity				
Equity share capital	1,685.07	1,685.62	1,685.60	1,686.52
Other equity	36,447.28	43,560.92	39,749.31	48,869.68

	For the year ended 31 March		Six months ended 30 September	
	2018	2019	2018	2019
	(Rs. million)			
Equity attributable to equity holders of the parent	38,132.35	45,246.54	41,434.91	50,556.20
Non-controlling interest	291.61	459.19	321.34	519.00
Total equity	**38,423.96**	**45,705.73**	**41,756.25**	**51,075.20**
Total liabilities and equity	**170,296.10**	**204,540.03**	**186,997.53**	**242,766.05**

Consolidated Statement of Profit and Loss for the years ended 31 March 2017 and 31 March 2018 extracted from the 2017 Audited Financial Statements and the 2018 Audited Financial Statements, respectively, each prepared under Indian GAAP

	For the year ended 31 March	
	2017	2018
	(Rs. million)	
INCOME		
Revenue from operations	33,876.93	34,233.57
Other income	212.23	531.99
Total revenue	**34,089.16**	**34,765.56**
EXPENSES		
Employee benefits expense	5,025.82	6,167.12
Finance costs	11,687.05	10,276.64
Depreciation and amortisation	631.54	682.59
Other expenses	5,087.55	7,469.12
Total expenses	**22,431.96**	**24,595.47**
Profit before tax	11,657.20	10,170.09
Tax expense:		
Current tax	4,415.60	3,748.49
Deferred tax	(343.30)	(262.48)
Total tax expense	**4,072.30**	**3,486.01**
Profit for the year before minority interest	**7,584.90**	**6,684.08**
Less: Minority interest – Share of profit/(loss)	26.42	(24.86)
Profit for the year	**7,558.48**	**6,708.94**
Earning per equity share		
Basic earnings per share (₹-)	8.98	7.97
Diluted earnings per share (₹-)	8.98	7.95

Consolidated Statement of Profit and Loss for the year ended 31 March 2018 derived from the comparatives from the 2019 Audited Financial Statements and the Consolidated Statement of Profit and Loss for the year ended 31 March 2019 derived from the 2019 Audited Financial Statements prepared under IND-AS and the Consolidated Statement of Profit and Loss for the six months ended 30 September 2018 derived from the Reviewed Interim Financial Statements for the six months ended 30 September 2018 and Consolidated Statement of Profit and Loss for the six months ended 30 September 2019 derived from the Reviewed Interim Financial Statements for the six months ended 30 September 2019 prepared under Ind AS.

(a) Company has published Consolidated Statement of Profit and Loss for the six months ended 30 September 2018 in Rs. lakhs. However, for comparision purpose the same has been converted into Rs. millions. Company has published Consolidated Statement of Profit and Loss for the six months ended 30 September 2019 in Rs. crores. However, for comparison purpose, the same has been converted into Rs. millions.

		For the year ended 31 March		Six months ended 30 September	
		2018	**2019**	**2018**	**2019**
		(Rs. million)			
	Revenue from operations				
	(i) Interest income	33,539.50	40,120.56	19,049.15	23,884.59
	(ii) Dividend income	19.59	50.76	0.44	49.79
	(iii) Fees and commission income	593.51	837.05	380.09	627.06
	(iv) Net gain on fair value changes	5.64	0.21	0.21	–
	(v) Other operating income	49.36	154.60	72.68	48.29
(I)	**Total revenue from operations**	**34,207.60**	**41,163.18**	**19,502.57**	**24,609.73**
(II)	Other income	584.29	625.18	244.43	578.06
(III)	**Total income (I+II)**	**34,791.89**	**41,788.36**	**19,747.00**	**25,187.79**
	Expenses				
	(i) Finance costs	10,304.47	13,194.40	6,116.38	8,048.90
	(ii) Fees and commission expenses	126.67	195.78	81.12	112.40
	(iii) Impairment on financial instruments	1,773.16	460.93	316.81	658.65
	(iv) Employee benefits expenses	6,260.75	7,201.12	3,471.03	4,005.15
	(v) Depreciation and amortisation	682.59	752.34	373.48	794.55
	(vi) Other expenses	5,275.24	5,710.86	2,794.99	2,279.54
(IV)	**Total expenses (IV)**	**24,422.88**	**27,515.43**	**13,153.81**	**15,899.19**
(V)	**Profit before tax (III-IV)**	**10,369.01**	**14,272.93**	**6,593.19**	**9,288.60**
(VI)	**Tax expense**				
	(1) Current tax	3,748.54	4,753.17	2,255.79	2,422.28
	(2) Deferred tax	(139.25)	224.91	97.47	67.60
(VII)	**Profit for the period (V-VI)**	**6,759.72**	**9,294.85**	**4,239.93**	**6,798.72**

	For the year ended 31 March		Six months ended 30 September	
	2018	2019	2018	2019
	(Rs. million)			
(VIII) Other comprehensive income				
(i) Items that will not be re classified to profit or loss				
– Remeasurements of the defined benefit plans	(11.58)	(39.07)	(4.12)	(32.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	3.87	13.79	1.70	7.10
Other comprehensive income	**(7.71)**	**(25.28)**	**(2.42)**	**(25.04)**
(IX) Total comprehensive income for the period (VII+VIII) (Comprising profit and other comprehensive income for the period)	6,752.01	9,269.57	**4,237.51**	**6,773.68**
Profit for the year attributable to				
Equity holders of the parent	6,771.90	9,224.10	4,204.28	6,737.02
Non-controlling interest	(7.14)	70.75	35.64	61.70
Other comprehensive income for the year, net of tax				
Equity holders of the parent	(7.88)	(25.39)	(2.61)	(25.11)
Non-controlling interest	0.17	0.11	0.19	0.07
Total comprehensive income for the year, net of tax				
Equity holders of the parent	6,764.02	9,198.71	4,201.69	6,711.91
Non-controlling interest	(6.97)	70.86	35.82	61.77
(X) Earnings per equity share				
Basic (₹)	8.03	11.03	5.03	8.02
Diluted (₹)	8.01	11.01	5.02	7.99

Consolidated Cash Flow Statement as at 31 March 2017 and as at 31 March 2018 extracted from the 2017 Audited Financial Statements and the 2018 Audited Financial Statements, respectively, each prepared under Indian GAAP

	For the year ended 31 March	
	2017	2018
	(Rs. million)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	11,657.20	10,170.09
Depreciation and amortisation	631.54	682.59
Profit on sale of fixed assets	(5.17)	(3.07)
Interest income on DLB Bond	–	(5.95)
Dividend Income	–	(19.59)
Interest Income	–	(59.34)
Income form Securitisation of Receivables	–	(221.57)
Interest Expenses	–	0.09
Net gain on sale of current investments	(28.91)	–
Provision for standard assets	16.97	212.11
Bad debts/advances written off/provision for non performing assets and provision for other assets	1,075.16	1,875.53
Provision for gratuity		0.91
Amortisation of Forward contracts premium	89.77	27.68
Provision for Litigation claim	6.46	0.23
Operating profit before working capital changes	**13,443.02**	**12,659.71**
Movements in working capital:		
Increase/(decrease) in trade payable	468.41	(199.01)
Increase/(decrease) in trade receivable	–	(7.63)
Increase/(decrease) in other current liabilities and provisions	2,026.38	(502.56)
Increase/(decrease) in short term borrowings	–	149.56
Increase/(decrease) in long term provisions	11.28	5.29
Decrease/(increase) in long term loans and advances	(2,774.42)	(9,919.06)
Decrease/(increase) in short term loans and advances	(22,157.53)	(8,375.66)
Decrease/(increase) in other current assets	329.46	99.79
Decrease/(increase) in other non current assets	–	53.95
Increase/(decrease) in Other long term liabilities	(187.27)	(433.22)
Cash generated from/(used in) operations	**(8,840.67)**	**(6,468.84)**
Direct taxes paid (net of refunds)	(4,170.15)	(4,251.48)
Net cash flow from/(used in) operating activities (A)	**(13,010.82)**	**(10,720.32)**

	For the year ended 31 March	
	2017	2018
	(Rs. million)	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on Fixed Assets	–	(1,615.72)
Purchase of fixed assets, including CWIP	(542.07)	–
Proceeds from sale of fixed assets	6.52	17.53
Sale of current investments	468.99	–
Interest income on DLB Bond	–	5.95
Dividend Received	–	19.59
Interest received	–	0.22
Redemption/maturity of bank deposits (having original maturity of more than three months)	640.66	639.86
Investments in bank deposits (having original maturity of more than three months)	(1,019.650)	(1,587.38)
Net cash flow from/(used in) investing activities (B)	**(445.55)**	**(2,519.95)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	21.76	105.17
Proceeds from Institutional debentures (long term)	18,860.12	3,668.47
Repayment of Institutional debentures (long term)	(436.39)	(767.00)
Repayment of Public debentures	(1,539.72)	(2,706.74)
Repayment of Retail debentures	(94.65)	(320.72)
Proceeds from Commercial paper	87,246.61	140,876.48
Repayment of Commercial paper	(73,489.32)	(135,119.36)
Proceed from vehicle Loan	39.29	–
Repayment of vehicle Loan	(1.73)	(5.30)
Proceed from Finance Lease	27.01	110.63
Repayment of Finance Lease	(27.56)	(39.64)
Repayment of Subordinate Debt	(1,807.32)	(857.58)
Proceed from Term loan from Bank	103,820.00	224,526.59
Repayment of Term loan from Banks	(120,004.10)	(207,657.45)
Proceeds from Foreign currency term loan – Bank	1,500.00	–
Proceeds from Foreign currency WCDL – Bank	5,500.00	(5,617.44)
Proceeds from Borrowings from other	–	213.08
Repayment of Borrowings form others	–	(92.40)
Net proceeds/(Repayments) of borrowings from others	1,194.40	–
Proceeds/(Repayment) in working capital bank borrowings (net)	(6,956.29)	(671.38)
Finance cost	–	(0.09)

	For the year ended 31 March	
	2017	2018
	(Rs. million)	
Dividends paid	(1,262.56)	(1,683.94)
Tax on dividend paid	(257.02)	(342.81)
Net cash flow from/(used) in financing activities (C)	**12,332.53**	**13,618.57**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(1,123.84)**	**378.30**
Cash and cash equivalents at the beginning of the year	**4,789.86**	**3,427.61**
Cash and cash equivalents at the end of the year	**3,666.02**	**3,805.91**
Components of cash and cash equivalents		
Cash on hand	1,082.62	906.89
With banks		
– in current account	2,017.63	2,899.02
– on Unpaid NCD trustee account	24.39	–
Unpaid matured deposit account	0.07	–
Unpaid auction surplus deposit	510.40	–
Unpaid dividend account	30.91	–
TOTAL CASH AND CASH EQUIVALENTS	**3,666.02**	**3,805.91**

Consolidated Cash Flow Statement for the year ended 31 March 2018 derived from the comparatives from the 2019 Audited Financial Statements and the Consolidated Cash Flow Statement for the year ended 31 March 2019 derived from the 2019 Audited Financial Statements prepared under IND-AS and the Consolidated Cash Flow Statement for the six months ended 30 September 2018 derived from the comparatives from the Reviewed Interim Financial Statements and the Consolidated Cash Flow Statement for the six months ended 30 September 2019 prepared under IND-AS

Company has published Consolidated Cash Flow statement for the six months ended 30 September 2018 and 30 September 2019 in Rs. crores. However, for comparison purpose, the same has been converted into Rs. milions.

	For the year ended 31 March		Six months ended 30 September	
	2018	**2019**	**2018**	**2019**
	(Rs. million)			
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	10,369.01	14,272.93	6,593.18	9,288.60
Adjustments for:				
Depreciation and amortisation expense	682.59	752.34	373.48	794.55
Impairment on financial instruments	1,773.16	460.93	316.81	658.65
Provision for litigation	0.22	5.47	3.47	5.53
Provision no longer required written back	(29.40)	(16.05)	–	–
Provision for other assets	162.61	(1.81)	(1.56)	(1.92)
Profit on sale of property, plant and equipment	(3.07)	(6.31)	(2.77)	(6.81)
Dividend income	(19.59)	(50.76)	–	(49.79)
Stock compensation expense	97.59	37.35	48.84	(11.69)
Finance costs	10,304.47	13,194.40	6,116.38	8,048.90
Interest income from banks, investments and others	(349.30)	(959.94)	(269.87)	(1,267.27)
Operating Profit before working capital changes	**22,988.29**	**27,688.55**	**13,177.96**	**17,458.75**
Changes in working capital:				
Decrease/(increase) in non-financial assets	(304.03)	(38.64)	34.95	93.70
Decrease/(increase) in loans	(20,155.38)	(26,127.64)	(15,358.29)	(32,863.42)
Decrease/(increase) in other financial assets	799.22	(539.13)	(1,146.24)	343.22
Increase/(decrease) in Deposits	–	19.20	–	(19.10)
Increase/(decrease) in trade payables	34.99	145.01	(113.72)	217.11
Decrease/(increase) in trade receivables	(7.26)	(16.25)	4.05	10.37
Increase/(decrease) in other financial liabilities	200.74	301.27	(72.52)	199.88
Increase/(decrease) in provisions	50.80	71.37	(35.83)	(90.67)
Increase/(decrease) in other non-financial liabilities	(50.20)	455.32	340.27	(270.79)
	(19,431.12)	**(25,729.49)**	**(16,347.34)**	**(32,379.70)**

	For the year ended 31 March		Six months ended 30 September	
	2018	2019	2018	2019
	(Rs. million)			
Cash generated from operations	3,557.17	1,959.06	(3,169.38)	(14,920.95)
Net income tax (paid)	(3,888.82)	(5,389.50)	(2,057.28)	(1,793.79)
Net cash flows from/(used in) operating activities (A)	**(331.65)**	**(3,430.44)**	**(5,226.66)**	**(16,714.74)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure, including capital advances	(1,613.12)	(1,282.54)	(614.02)	(488.53)
Acquisition of subsidiary	–	(4.13)	–	(1.50)
Proceeds from sale of property, plant and equipment	17.79	24.04	15.36	9.58
Purchase of investments	(0.00)	(1,696.24)	(417.30)	445.00
Interest received	326.65	51.67	311.01	1,230.64
Dividend received	19.59	50.76	–	49.79
Bank balances not considered as cash and cash equivalents	(231.50)	(839.72)	(1,938.05)	(335.87)
Net cash flows from/(used in) investing activities (B)	**(1,480.58)**	**(3,696.16)**	**(2,643.00)**	**909.11**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from vehicle loan	–	4.00	–	–
Repayment of vehicle loan	(5.30)	(6.28)	(2.99)	(3.69)
Proceed from finance lease	110.35	–	–	–
Repayment of finance lease	(39.36)	(55.48)	(19.63)	(14.64)
Proceed from term loan/working capital demand loan from bank	220,150.00	153,490.00	99,964.02	103,964.15
Prepayment of term loan/working capital demand loan from bank	(208,343.57)	(144,656.53)	(94,908.79)	(72,282.22)
Proceeds from foreign currency term loan – Bank	(372.98)	(2.98)	(5.86)	963.39
Proceeds from borrowings from others	213.08	1,099.08	1,693.77	12,800.00
Repayment of borrowings from others	(226.26)	(2,234.51)	(753.95)	(2,799.73)
Proceeds/(repayment) in cash credit facilities (net)	(769.62)	17,461.72	5,393.48	(12,773.31)
Repayments to subordinated liabilities	(857.23)	(3.67)	(1,140.42)	51.05
Proceeds from Institutional debentures (long term)	2,000.00	2,500.00	2,500.00	2,150.00
Repayment of Institutional debentures (long term)	(738.67)	(8,141.86)	(1,400.00)	(5,065.00)
Proceeds from issuance of public debentures	–	3,899.25	–	3.07
Repayment of public debentures	(2,706.74)	(122.21)	–	–
Proceeds from retail debenture	–	42.31	2,666.70	–
Repayment of retail debenture	1,399.63	(194.32)	(37.04)	(1,938.97)
Proceeds from commercial paper	141,124.80	138,064.89	66,455.31	68,461.53
Repayment of commercial paper	(135,119.36)	(134,356.97)	(66,299.08)	(63,018.34)
Proceeds from issue of equity shares	1.27	0.55	0.56	0.90
Share premium on equity shares allotted	50.96	54.94	22.94	155.86

	For the year ended 31 March		Six months ended 30 September	
	2018	**2019**	**2018**	**2019**
	(Rs. million)			
Dividend paid, including dividend distribution tax	(2,026.75)	(2,184.18)	(1,066.53)	(1,118.19)
Payment of lease liabilities	–	–	–	(577.68)
Finance cost paid	(10,915.16)	(13,970.17)	(6,999.61)	(7,838.74)
Net cash flow from financing activities (C)	**2,929.09**	**10,687.58**	**6,062.87**	**21,119.44**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,116.86**	**3,560.98**	**(1,806.79)**	**5,313.83**
Cash and cash equivalents at the beginning of the year	**3,725.96**	**4,842.82**	**4,842.82**	**8,403.80**
Cash and cash equivalents at the end of the year	**4,842.82**	**8,403.80**	**3,036.03**	**13,717.66**

RISK FACTORS

Prospective investors should carefully consider the risks described below and the information contained elsewhere in this Offering Circular before making an investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Notes, including the merits and risks involved prior to making any investment decision. The risks described below are not the only ones relevant to the Issuer or the Notes. The Issuer has described the risks and uncertainties that its management believes are material but the risks set out in this Offering Circular may not be exhaustive or complete and additional risks and uncertainties not presently known to the Issuer, or which the Issuer currently deems to be immaterial, may arise or may become material in the future. The Issuer's business, financial condition or cash flow and results of operations could be materially and adversely affected if any of these risks actually occur which may, as a result, affect its ability to pay interest on, and repay the principal amount of, the Notes. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

Risks Relating to the Issuer's Business

The Issuer's business requires substantial capital, and any disruption in funding sources would materially and adversely affect the Issuer's liquidity, financial condition and cash flows.

The Issuer's continued business growth, liquidity and profitability are, in large part, dependent upon the Issuer's timely access to, and the costs associated with, raising debt. The Issuer's funding requirements historically have been met predominantly from a combination of borrowings such as term loans from banks and financial institutions (including external commercial borrowings) and issuance of commercial papers and non-convertible debentures and other debt instruments on private placement basis. Thus, the Issuer's continued growth will depend, among other things, on its ability to secure requisite financing at competitive rates, to manage its expansion process, to make timely capital investments, to control input costs and to maintain sufficient operational control.

The Issuer's ability to borrow funds and refinance existing debt may also be influenced by a variety of factors, including the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perceptions of demand for debt and equity securities of NBFCs and the Issuer's current and future financial performance, capital adequacy levels, credit ratings, financial condition and relationships with lenders. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may make it difficult for the Issuer to access cost effective financing and increase the Issuer's cost of borrowings.

The global and Indian capital and lending markets are, by nature, highly volatile and access to liquidity can, at times, be significantly reduced. Moreover, towards the end of 2018, defaults in debt repayments by a large NBFC in India, which had a significant shareholding from government owned institutions, led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature or magnitude affecting the market sentiment surrounding the sector occurs again in the future, it may result in increased borrowing costs and difficulties in accessing cost-effective debt for the Issuer. The Issuer's cost of borrowings is sensitive to interest rate fluctuations which exposes the Issuer to the risk of reduction in spreads (which is the difference between its finance cost and the interest income that it earns on its loans and investments), on account of volatility in interest rates.

The Issuer is a systemically important non-deposit taking non-banking financial company ("**NBFC-ND-SI**"), and the applicable rules and regulations stipulated by the RBI do not allow it to access public deposits.

In addition, changes in laws and regulations, its obligations to lenders or under debt instruments can disrupt funding sources which would have a material adverse effect on the Issuer's liquidity and financial condition. Further, any inability on the Issuer's part to secure requisite financing or continue with its existing financing arrangement could have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's business and financial performance is particularly vulnerable to volatility in interest rates.

Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure of all banks and financial intermediaries in India, including the Issuer. The Issuer's results of operations are substantially dependent on its net interest margins. Interest rates are sensitive to many factors beyond the Issuer's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

The Issuer's policy is to attempt to balance the proportion of its interest-earning assets, which bear fixed interest rates, with interest-bearing liabilities. A portion of the Issuer's liabilities, such as its NCDs, subordinated debt and short term loans carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. Moreover, as the Issuer is an NBFC-ND-SI, it does not have access to deposits. As on 30 September 2019, the Issuer's consolidated borrowings amounted to INR183,461.55 million of which 46.79 per cent. were at fixed rates of interest.

The Issuer seeks to hedge against foreign currency fluctuations and use derivative financial instruments such as forward exchange contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made, or which are highly probable forecast transactions and interest rate swaps to hedge interest rate risk arising from variable rate loans. Changes in exchange rates may still have an adverse effect on the Issuer's financial condition and results of operations. Any amounts that the Issuer spends in order to hedge the risks to the Issuer's business due to fluctuations in currencies may not adequately hedge against any losses the Issuer may incur due to such fluctuations. Currently, the Issuer hedges principal and interest with forward contracts and cross currency swaps. But the Issuer is unable to assure investors that it will be able to reduce its foreign currency risk exposure, through the hedging transactions the Issuer will enter into, in an effective manner, at reasonable costs, or at all.

The Issuer is not able to provide assurance that it will be able to adequately manage its interest rate risk in the future or be able to effectively balance the proportion of its fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways. Thus, the Issuer's results of operations could be affected by changes in interest rates and the timing of any re-pricing of its liabilities compared with the re-pricing of its assets.

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

Additional risks arising from increasing interest rates include reductions in the volume of loans as a result of customers' inability to service high interest rate payments and reductions in the value of fixed income securities held in the Issuer's investment portfolio.

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

The Issuer faces the risk of default and non-payment by its customers most of whom are individual borrowers, and the Issuer may face difficulties in carrying out credit risk analyses on such customers.

The Issuer extends personal or business loans secured by gold jewellery or ornaments as collateral ("**Gold Loans**") to individual borrowers in India. Such customers are generally considered to be less financially resilient than borrowers from other income groups or corporate borrowers. The Issuer does not assess the ability of its customers to repay the Gold Loans. In addition, a significant majority of the Issuer's customer base belongs to the low to middle income group, who may be more likely to be affected by declining economic conditions than large corporate borrowers. As a result, the Issuer is subject to risks which could result in default or delay in repayment of principal or interest on its loans and any decline in the economic conditions may impact the repayment capabilities of its borrowers, which may result in increase in defaults, thereby adversely affecting the Issuer's business and financial condition.

The Issuer may also be affected by failure of its employees to undertake an accurate appraisal of credit risk analyses on its customers or determine their financial worth. The Issuer often does not have sufficient credit history supported by tax returns and other related documents which would enable it to assess its customers' creditworthiness. Unlike several developed economies, a nationwide credit bureau became operational in India in 2000, so there is less financial information available about individuals, particularly the Issuer's focus customer segment from the low to middle income groups who typically have limited access to other financing sources. In addition, the Issuer may not receive updated information regarding any change in its customers' financial condition or may receive inaccurate or incomplete information as a result of any negligence or fraudulent misrepresentation on the part of its customers.

As a result, the Issuer relies on its internal procedures for obtaining information on its customers and loan collateral provided, and at the time of sanctioning a loan, the Issuer generally relies on the quality of the gold jewellery provided as collateral rather than on a stringent analysis of its customers' credit profile. In the event of lapses or deficiencies in the Issuer's procedures or in their implementation, or if the Issuer receives inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation, the Issuer may be subject to business or operational risk. For example, in the event that the Issuer unknowingly receives stolen goods as collateral from a customer, the goods can be seized by authorities. Once seized by the authorities, gold items will be stored in court storage facilities without a surety arrangement. No recourse will generally be available to the Issuer in the event of such seizure, except the recovery of the loss from the customer.

There can be no assurance that the Issuer will be able to conduct various credit checks of all its customers and that such checks will be accurate or comprehensive. Difficulties in assessing credit risks associated with the Issuer's day-to-day operations may lead to an increase in the level of its NPAs. If the Issuer is unable to continuously monitor its customers or otherwise address any of these risks, this could adversely affect the credit quality of the Issuer's loan portfolio which could in turn materially and adversely affect its business, financial condition, results of operations and cash flows.

The Issuer faces risk from external factors particularly political uncertainty and government policies directly impacting credit repaying ability of its customers.

A number of external factors, which are not within the Issuer's control, could result in non-payment by its customers. These factors include adverse developments in the Indian economy, movements in global markets, changes in interest rates and changes in regulations. For example, events such as demonetisation, pursuant to which Indian currency notes of denominations 500 and 1,000 ceased to be legal tender (barring specific exemptions for a limited period of time) with effect from 8 November 2016, adversely affected the business and financial position of several of the Issuer's customers as it triggered a diminution of cash liquidity in India for the remainder of that financial year. Any similar negative trends or financial difficulties affecting the Issuer's customers could also increase the risk of their default.

The Company is exposed to other external factors, such as farm loan waiver policies of political parties and non-payment of loans by borrowers at the instigation of district level political leaders. These factors could result non-payment of loans by the Issuer's customers and could increase their risk of default.

The Issuer may not be able to recover, on a timely basis or at all, the full value of the collateral sufficient to cover the outstanding amounts due under defaulted loans.

A significant portion of the Issuer's loan portfolio comprises of loans secured by household and/or used gold jewellery. A sudden or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, the value of collateral gold jewellery securing the Issuer's Gold Loans may decrease significantly, resulting in a decrease in the Issuer's net interest income. In addition, if customers do not repay their loans and the price of gold has decreased in value, this will result in losses which the Issuer may not be able to support and which may adversely affect the Issuer's financial condition and results of operations. Although the Issuer uses a technology-based risk management system and follows strict internal risk management guidelines on portfolio monitoring, it may not be able to reasonably estimate the impact of a decline in value of gold because the market and competitive response to changes in gold values is not pre-determinable. A sustained decrease in the market price of gold can additionally cause a decrease in the size of the Issuer's loan portfolio, and as a result, its interest income.

In addition, the Issuer may not be able to realise the full value of its collateral, due to, among other things, defects in the quality of gold or probable wastage on melting of gold jewellery into gold bars by the purchasers for the auction. Failure by the Issuer's employees to properly appraise the value of the collateral provides the Issuer with no recourse against the borrower and the loan may eventually result in a bad debt on the Issuer's books of accounts. In case of a default, the Issuer generally sells the collateral gold jewellery only through public auctions and the Issuer cannot be assured that it will be able to sell such gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with such auctions. Further, even if the loan is sufficiently secured by collateral, the Issuer incurs time and costs in liquidating the collateral in order to realise the value of the collateral. A failure to recover the expected value of collateral could expose the Issuer to a potential loss, which could adversely affect its business, financial condition and results of operations.

Increasing competition in the Issuer's business may result in declining margins, and if the Issuer is unable to compete successfully, its market share may also decline.

The Issuer's principal business is the provision of Gold Loans to retail customers in India. Historically, the Gold Loan industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with very few public sector and old generation private sector banks focusing on this sector. The demand for Gold Loans has increased in recent years in part because of changes in attitudes resulting in increased demand for Gold Loan products from middle income group persons, whereas historically, demand for the Issuer's Gold Loan products was predominantly from lower income group customers with limited access to other forms of borrowings have increased the Issuer's exposure to competition. The demand for Gold Loans has also increased due to relatively lower interest rates for Gold Loans compared to the unorganised money lending sector, increased need for urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of Gold Loans as a source of quick access to funds. All of these factors have resulted in the Issuer facing increased competition from other lenders in the Gold Loan industry, which includes commercial banks and other NBFCs.

The Issuer generally competes with its competitors on the basis of range of product offerings, interest rates and fees as well as customer service. The Issuer may find it difficult to compete with its competitors, such as commercial banks or deposit-taking NBFCs, who may have access to lower cost funds (e.g., savings and current deposits of customers) and who may be better equipped to protect themselves against any sudden or unfavourable fluctuations in interest rates. Instead, the Issuer is reliant on relatively higher-cost term loans and NCDs for its funding requirements, which may reduce its margins compared to competitors. The Issuer's ability to compete effectively with commercial banks or deposit-taking NBFCs will depend, to some extent, on its ability to raise funding in the future. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than the Issuer's interest rates and on other terms that may be more favourable than the Issuer's. If the Issuer is unable to compete effectively with other participants in the Gold Loan industry, its business and future financial performance may be adversely affected.

The Issuer has been increasingly facing competition from domestic and foreign banks and NBFCs. Some of these competitors are aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than the Issuer. Furthermore, as a result of increased competition in the Gold Loan industry, variable interest rate and payment terms and waiver of processing fees are becoming increasingly common in the Gold Loan industry in India. The Gold Loans the Issuer offers are due within one year of disbursement. The relatively short-term nature of the Issuer's loans means that it is not assured of long-term interest income streams compared to businesses that offer loans with longer terms. In addition, the Issuer's existing customers may not roll-over their existing loans or obtain new loans from the Issuer upon maturity, particularly if competition increases. The short-term nature of the Issuer's loan products and the potential instability of its interest income could materially and adversely affect its results of operations and financial position.

The Issuer cannot assure you that it will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive Gold Loans industry. Increasing competition may adversely affect the Issuer's profitability, market share and results of operations. While the Issuer believes that it has historically been able to offer competitive interest rates on the loans extended to its customers, there can be no assurance that the Issuer will be able to continue to do so in the future. The Issuer's financial condition, cash flows and results of operations are dependent on its ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If the Issuer is unable to access funds at a cost comparable to or lower than our competitors, the Issuer may not be able to offer loans at competitive interest rates to its customers.

Microfinance loans offered by the Issuer's subsidiary, Asirvad Microfinance Limited ("Asirvad"), are unsecured and are susceptible to various operational, credit and political risks which may result in increased levels of NPAs, thereby adversely affecting the Issuer's business, results of operation and financial condition.

The focus client segment for the Issuer's micro-loans is women in rural areas. The clients of Asirvad typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, for most of the loans provided by Asirvad, clients do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free for the purpose of "Qualifying Assets". Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. Furthermore, although Asirvad uses credit bureau reports to check certain background information such as the total indebtedness of each potential client and their existing repayment/default history, the information in such reports may be incomplete or unreliable and accordingly the credit risk analyses the Issuer carries out on potential clients may be limited. Asirvad also relies primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral. Most of its loans involve a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if there is irregular participation in group meetings, if inadequate risk management procedures have been employed, or as a result of adverse external factors such as natural calamities. As a result, its clients potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products.

In addition, the microfinance business is susceptible to various political and social risks, including political interference in the working of MFIs at the district, state or national level; adverse publicity or litigation relating to the microfinance sector; public criticism of the microfinance sector; introduction of a stringent regulatory regime; or religious beliefs relating to loans; or religious beliefs relating to loans and interest payments, which adversely affect repayment by its clients and may have an adverse effect on the Issuer's business prospects and future financial performance. Due to the underlying profile of the clients of Asirvad, the Issuer may, in the future, experience increased levels of non-performing assets and related provisions and write-offs, which would materially and adversely impact its business and results of operations.

The Issuer's indebtedness and restrictive covenants under financing agreements could restrict its ability to conduct its business and operations in the manner it decides.

As at 30 September 2019, the Issuer had an outstanding debt on a standalone basis of INR154,004.37 million. As at 31 March 2019, the Issuer had an outstanding debt on a standalone basis of INR127,426.12 million, of which INR95,127.67 million was secured and INR32,298.45 million was unsecured. Most of the Issuer's borrowings are secured by all its current assets, book-debts, loans and advances, receivables, including gold loan receivables, both present and future. The Issuer's indebtedness may affect its business and operations in several important ways, including the following:

- a portion of the Issuer's cash flows may be used towards repayment of its existing debt, which will reduce the availability of its cash flow to fund its working capital, capital expenditures, acquisitions and other general corporate requirements;

- the Issuer's ability to obtain additional financing in the future at reasonable terms may be restricted or its cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates, particularly because a significant proportion of its financing arrangements are in the form of borrowings from banks;

- fluctuations in market interest rates may adversely affect the cost of the Issuer's borrowings, as some of its indebtedness including long term loan from banks are at variable interest rates;

- prior consent may be required from the existing lenders in order to undertake any further indebtedness or security creation, and prior consent for alterations in the Issuer's capital structure, changes in its management, payment of dividend, revaluation or sale of its assets, undertaking of new projects, creation of subsidiaries, change in accounting policies, undertaking any merger or amalgamation, investment in or lending to other companies, undertaking guarantee obligations on behalf of other companies and creation of further charge on its fixed assets;

- certain financing agreements require the Issuer to comply with financial covenants including the requirement to meet and maintain, among others, specified debt-to-equity ratios, debt-to-net worth ratios, or Tier I to Tier II capital ratios that may be higher than the prevailing statutory or regulatory requirements;

- certain financing agreements contain cross default provisions which could automatically trigger defaults under the Issuer's other financing arrangements. Failure to meet these conditions or obtain the relevant consents could have significant consequences on the Issuer's business and operations;

- if the Issuer is held to be in breach of any financial or other covenants contained in any of its financing arrangements, its obligations may be accelerated and it may be required to immediately repay its borrowings either in whole or in part;

- certain of the Issuer's loan agreements during their lifetime gives the lenders a right to appoint nominee directors on the Issuer's Board from time to time; and

- the Issuer's business, financial condition and results of operations could be materially and adversely affected if the Issuer is unable to service its indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; Moreover, certain of the Issuer's loans may be recalled by its lenders at any time. If any of these lenders recall their loans, the Issuer's liquidity, business, financial condition and results of operations may be adversely affected.

The Issuer may face asset-liability mismatches due to inability to obtain additional credit facilities or renew existing credit facilities in a timely manner, which could affect its liquidity.

The Issuer faces potential liquidity risks due to varying periods over which its assets and liabilities mature. As is typical for Indian NBFCs, the Issuer's funding requirements are met through long and short-term funding sources such as working capital loans from banks and financial institutions, cash credit, short-term loans and commercial paper, among others. Each of the Issuer's products differs in terms of the average tenor, average yield, average interest rates and average size of loan. The average tenor of the Issuer's products may not match with the average tenor of its liabilities. The Issuer's assets, i.e., loans which are extended to its customers are typically short-term, with tenures of its Gold Loans, which constitute 86.63 per cent. of its total gross loan book on a standalone basis as at 30 September 2019, being a maximum of 12 months.

Accordingly, the Issuer's inability to measure its net funding requirements or determine any deficit of funds at selected maturity dates of its borrowings or obtain additional credit facilities which are short-term or renew its existing short-term credit facilities in a timely and cost-effective manner or at all, may lead to mismatches between the Issuer's assets and liabilities, or in certain circumstances, defaults on its debt service obligations. If any of these risks were to occur, the Issuer's business, operations, financial condition and cash flows could be materially and adversely affected.

The Issuer is exposed to operational risks, including theft, fraud, burglary and embezzlement by the Issuer's employees and customers due to high volume of cash and gold jewellery handled by the Issuer.

As at 30 September 2019, the Issuer held a cash balance of INR1,076.95 million on a consolidated basis and gold jewellery of 72.03 tons as collateral for its loans and as at 31 March 2019, the Issuer held a cash balance of INR1,211.76 million on a consolidated basis and gold jewellery of 67.51 tons as collateral for its loans.

The Issuer's business involves carrying out cash and gold jewellery transactions that expose it to the risk of fraud by employees, agents, customers or third parties, theft, burglary, improperly documented transactions and misappropriation or unauthorised transactions by its employees. Storage of cash and pledged gold jewellery as part of the Issuer's business entails the risk of theft and resulting loss to its reputation and business. The short tenure of the loans advanced by the Issuer and its practice of processing loan repayments within short timelines require us to store pledged gold on its premises at all points in time. There have been burglaries at some of the Issuer's branches since inception. With regard to all burglaries, the Issuer may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While the Issuer is insured against the risk of burglary arising from its business, such insurance may not be sufficient to fully cover the losses that the Issuer may suffer. Additionally, the Issuer's cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours of such thefts. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect the Issuer's reputation and results of operation. The Issuer handles large amounts of cash and gold jewellery in its daily operations and is exposed to risks of theft, burglary and other crimes. The Issuer's employees may also become targets of theft, burglary and other crimes, and may sustain physical and psychological injuries as a result. Pursuant to the same, while the Issuer has strengthened its security policies and procedures, the Issuer cannot guarantee investors that theft will not be committed in the future, which could adversely affect its reputation, business and results of operations.

Further, the Issuer is exposed to the risk of fraud and other misconduct by employees and customers. While the Issuer carefully recruits all of its employees and screen all its employees who are responsible for disbursement of Gold Loans and custody of gold, there have in the past been acts of fraud with respect to Gold Loans and cash related misappropriation committed by its employees. The net aggregate value of losses arising from instances of fraud on the Issuer involving officers and employees related misappropriation and/or cash embezzlement and/or burglaries for the six-month period ended 30 September 2019 and for the years ending 31 March 2019, 31 March 2018 and 31 March 2017 were INR66.24 million, INR6.07 million, INR53.07 million, and INR17.46 million (net recoveries INR54.71 million) respectively.

Further, the Issuer may be subject to regulatory or other proceedings in connection with any unauthorised transactions, fraud or misappropriation by its representatives and employees, which could adversely affect its goodwill. The nature and size of the items provided as collateral allow these items to be misplaced, which may negatively affect the Issuer's reputation, business, financial condition and results of operations.

The Issuer depends on the accuracy and completeness of information about customers and counterparties for its credit assessment and risk management. Any misrepresentation, errors in or incompleteness of such information could adversely affect the business and financial performance of the Issuer.

In deciding whether or not to extend credit or enter into other transactions with customers, the Issuer relies on information furnished to it by or on behalf of customers. The Issuer may also rely on certain representations from its customers as to the accuracy and completeness of that information. To ascertain the creditworthiness of potential borrowers, the Issuer may depend on credit information companies or credit bureaus, and reliance on any misleading information may affect the Issuer's judgement of credit worthiness of potential borrowers, which may affect the business, prospects, results of operations and financial condition of the Issuer. Further, the Issuer may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Risk management measures adopted by the Issuer may not be adequate to prevent or deter such activities in all cases, which may adversely affect the business prospects, financial condition and results of operations of the Issuer.

Moreover, the availability of accurate and comprehensive credit information of the Issuer's focus customer segment in India is limited, which reduces its ability to accurately assess the credit risk associated with such lending. While the liquid nature of the underlying collateral reduces the risk from faulty credit information and historically the Issuer's losses are low, difficulties in assessing credit risks associated with the day-to-day lending operations may lead to an increase in the level of the Issuer's NPAs, which could materially and adversely affect the business prospects, financial condition and results of operations of the Issuer.

Inaccurate appraisal of gold by the Issuer's personnel may adversely affect the Issuer's business and financial condition.

The accurate appraisal of pledged gold is a significant factor in the successful operation of the Issuer's business and such appraisal requires a skilled and reliable workforce. Inaccurate appraisal of gold by the Issuer's workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect the Issuer's reputation and business. In the absence of any technology currently existing globally, the Company is dependent on its employees to ascertain the quality of the gold collateral. No technology is used in the quality check.

A rise in the general income level of the Issuer's customers may adversely affect the demand for the Issuer's loans.

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

A major part of the Issuer's branch network is concentrated in southern India and any disruption or downturn in the economy of the region would adversely affect the Issuer's operations.

As at 30 September 2019, 2,235 out of the Issuer's 3,464 branches, or 64.52 per cent. of its total branches (on a standalone basis), were located in the southern Indian states of Tamil Nadu (579 branches), Kerala (486 branches), Andhra Pradesh (333 branches), Karnataka (570 branches), Telangana (253 branches), Pondicherry (9), and Andaman and Nicobar Island (5). As at that date, 58.14 per cent. of the Issuer's total Gold Loan portfolio (on a standalone basis) originated in these states in the southern region of India, with INR9024.91 million originating from Kerala alone. The Issuer's concentration in southern Indian states exposes it to adverse geological, ecological, social, economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have a more diversified national presence. Any changes in behaviour and preferences in the southern region of India or any disruption, disturbance or breakdown or a sustained downturn in the economy of the southern region of India could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer may experience difficulties in expanding its business into additional geographical markets in India.

While the Gold Loans markets in the southern Indian states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka remain, and are expected to remain, the Issuer's primary strategic focus, the Issuer also evaluates attractive growth opportunities in other regions in India and have expanded its operations to markets outside southern India.

The Issuer may not be able to leverage its experience in southern Indian states to expand its operations in other regions, should the Issuer decide to further expand its operations. Factors such as competition, culture, regulatory regimes, business practices and customs, customer attitude, sentimental attachments towards gold jewellery, behaviour and preferences in the cities where the Issuer may plan to expand its operations may differ from those in the southern Indian states and the Issuer's experience in these states may not be helpful in other geographies. In addition, as the Issuer enters new markets and geographical areas, it is likely to compete not only with other large banks and financial institutions in the Gold Loan business, but also the local unorganised or semi-organised lenders, who are more familiar with local conditions, business practices and customs, have stronger relationships with customers and may have a more established brand name.

If the Issuer plans to further expand its geographical footprint, its business may be exposed to various additional challenges, including identifying and collaborating with local business partners with whom the Issuer may have no previous working relationship, successfully gauging market conditions in new markets, attracting potential customers, being susceptible to local laws in new geographical areas of India and adapting the Issuer's marketing strategy and operations to suit regions where different languages are spoken. The Issuer's inability to expand its current operations in additional geographical markets may adversely affect its business, financial conditions, results of operations and prospects.

The Issuer may not be able to successfully sustain its growth strategy.

The Issuer's growth strategy involves growing its loan book, expanding its customer base and branch network, and increasing its ability to further penetrate the Gold Loans, microfinance, housing finance and vehicle finance markets. The Issuer cannot assure you that it will be able to sustain its growth strategy successfully or continue to achieve or grow the levels of net profit earned in recent years, or that the Issuer will be able to expand further or diversify its loan book. Furthermore, there may not be sufficient demand for the Issuer's product offerings, or they may not generate sufficiently viable levels of revenues to meet the costs associated with offering such products and services. If the Issuer grows its loan book too rapidly or fails to assess credit risks associated with its borrowers, a higher percentage of its loans may become non-performing, which could adversely affect the quality of its assets and financial condition.

The Issuer also faces a number of operational risks in executing its growth strategy. The Issuer has experienced rapid growth in its loan business, with its consolidated loans portfolio increasing from INR135,830.10 million as at 31 March 2017 to INR179,562.25 million as at 31 March 2019. The Issuer's rapid growth exposes it to a wide range of increased risks within India, including business risks, such as the possibility that its number of impaired loans may grow faster than anticipated requiring higher levels of provisions. Moreover, the Issuer's ability to sustain its rate of growth depends significantly upon its ability to select and retain key managerial personnel, maintain effective risk management policies, offer relevant products and a high standard of customer service to its target base of customers. Particularly, the Issuer is significantly dependent upon a core management team to oversee the day-to-day operations, strategy and growth of its businesses. If one or more members of its core management team were unable or unwilling to continue in their present positions, such persons may be difficult to replace. In addition, the Issuer may need to recruit, train and integrate new employees, as well as provide continuing training to existing employees on internal controls and risk management procedures. Failure to train and integrate employees may increase employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase the Issuer's exposure to high-risk credit and impose significant costs on the Issuer.

New products introduced by the Issuer may not be profitable in the future.

The Issuer introduces new products and services on a regular basis, in its existing lines of business. The Issuer may incur costs to expand its range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or a failure to understand the regulatory and statutory requirements for such products or insufficient management focus on these new products. If the Issuer fails to develop and launch these products and services successfully or on time, the Issuer lose a part or all of the costs incurred in development and promotion or discontinue these products and services entirely, which could in turn materially and adversely affect the Issuer's business, financial condition and results of operations.

The Issuer may not be able to maintain its current levels of profitability due to increased operational costs or reduced spreads.

The Issuer uses a variety of financial indicators and ratios to measure and analyse its performance. One of the key ratios the Issuer uses to measure its performance is the cost to income ratio, which it measures as the ratio of total operating expenses (including employee benefits expenses, operating expenses, other expenses and depreciation and amortisation expense) to gross income (revenue from operations less finance cost). The Issuer's ability to improve its profitability depends on its efforts to continue to grow its loan portfolio and expand its operations, while at the same time reducing costs. High cost to income ratios could adversely affect the Issuer's margins, return on average assets and profitability.

The Issuer's business involves a large volume of small-ticket size loans and requires operational support from its employees, and the Issuer requires dedicated staff for providing its services. In order to grow the Issuer's portfolio, its expanded operations will also increase its manpower requirements and also result in higher employee benefits expenses and other associated operational costs. The Issuer's operating expenses could also increase on account of increased expenditure on advertising and other activities related to marketing and distribution of its loan products. The Issuer may also be required to update or improve its operational systems and procedures and strengthen its internal control systems. The Issuer's business could also be adversely affected by factors outside of its control such as decline in GDP growth or increase in real estate prices, changes in regulatory policies, decline in customer demand for loans, inflation and changes in interest rates, which could increase its operating expenses and adversely affect its ability to grow its business. As a result, the Issuer's growth may require it to earn a relatively higher gross spread or margin on the products it offers in order to maintain its profitability. If the gross spread on the Issuer's lending products were to reduce, the Issuer cannot assure you that it will be able to maintain its current levels of profitability, which could adversely affect its results of operations.

Any downgrade of the Issuer's credit ratings would increase borrowing costs and constrain its access to capital and lending markets and, as a result, would negatively affect its business and operations.

The cost and availability of capital is also dependent on the Issuer's short-term and long-term credit ratings. The Issuer has been assigned a long-term debt AA (Stable) rating by CRISIL and A1+ rating by CRISIL for short term debt instruments. The Issuer has been assigned AA (Stable) rating by CRISIL for its long-term debt instruments – NCDs. The Issuer has been assigned a long-term rating of AA (Stable) and a short-term rating of A1+ by CARE for its line of credit from banks. As of 30 September 2019, the Issuer has been assigned an AA (Stable) rating from CRISIL, for its long-term debt instruments and A1+ from CRISIL for its commercial paper program. In addition, the Issuer has been assigned a long term foreign currency issuer default rating of BB- (stable outlook) and a long term local currency issuer default rating of BB- (stable outlook) by Fitch; and a BB- (stable outlook) long term issuer credit rating and on B short term issuer credit rating by S&P.

Ratings reflect a rating agency's opinion of the Issuer's financial strength, operating performance, strategic position, and ability to meet its obligations. Any downgrade of the Issuer's credit ratings would increase borrowing costs and constrain its access to debt and bank lending markets and, as a result, would adversely affect its business. In addition, downgrades of the Issuer's credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements in the future. The ratings provided by credit rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Any such adverse development could adversely affect the Issuer's business, financial condition, results of operations and cash flows.

The Issuer may not be in compliance with relevant state money lending laws in certain Indian states.

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates and require all money-lenders to obtain a licence to carry on the business of money-lending. NBFCs are registered under the provisions of the RBI Act, 1934 and all operations are carried on as per applicable RBI guidelines. Currently there are certain criminal proceedings against the Company on the grounds of non-compliance of the provisions of the relevant state money lending laws. The government authorities in the states of Kerala, Karnataka and Gujarat had sent notices to all NBFCs including the Issuer to register under the provisions of their respective money lending laws and comply with the said laws. The Issuer has also filed petitions before various courts in respect of the applicability of the provisions of the money lending laws of the relevant state to the Issuer. The Issuer has received notices from certain government authorities in Karnataka and Kerala in relation to non-compliance with local money lending laws. The High Court of Karnataka passed an interim order in July 2016 to stay the execution of the said government order until further orders. The Supreme Court of India has admitted the Issuer's special leave petition against the order of the High Court of Kerala and, by its orders dated 16 December 2009 and 4 July 2012, stayed the order of the High Court of Kerala until further orders.

In the event the provisions of any state specific regulations are extended to NBFCs engaged in the Gold Loan business such as the Issuer, it could have increased costs of compliance and its business and operations could be adversely affected, particularly if low interest rate ceiling norms are imposed on its operations. In the event that any state government requires the Issuer to comply with the provisions of their respective state money lending laws, or imposes any penalty against the Issuer, its directors or its officers, the Issuer's business, financial condition and results of operations may be adversely affected. Further, the Issuer may need to cease operations in states where its business model is prohibited on account of failure to comply with these laws.

A decline in the Issuer's standalone capital adequacy ratio could restrict its future business growth.

As per the prescribed RBI norms, the Issuer is required to maintain a capital adequacy ratio of at least 15.00 per cent. of its risk-weighted assets. Further, the RBI has prescribed minimum Tier I capital requirement of 12.00 per cent. for NBFCs, primarily for those NBFCs where loans against gold jewellery comprise more than 50 per cent. of their financial assets. On a standalone basis, the Issuer's capital adequacy ratio was 21.91 per cent. and 23.65 per cent. as at 30 September 2019 and 31 March 2019, respectively, with Tier I capital comprising of 21.52 per cent. and 23.27 per cent., respectively (as per IND-AS). On a standalone basis, the Issuer's capital adequacy ratio was 26.12 per cent. and 26.98 per cent. as at 31 March 2017 and 31 March 2018, respectively, with Tier I capital comprising 25.73 per cent. and 26.59 per cent. and Tier II capital comprising 0.39 per cent. and 0.39 per cent., respectively, as per Indian GAAP. If the Issuer continues to grow its loan portfolio and asset base, it will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios. The Issuer cannot assure you that it will be able to maintain adequate capital adequacy ratio or Tier I capital by raising additional capital in the future on terms favourable to it, or at all. Failure to maintain adequate capital adequacy ratio or Tier I capital, or the introduction or any change in regulatory capital adequacy requirements, in the future may adversely affect the Issuer's business, financial condition and results of operations.

If the Issuer is not able to manage the level of non-performing assets in its loan portfolio, the overall quality of its loan portfolio may deteriorate.

The Issuer has, in prior periods, experienced an increase in levels of non-performing assets (NPAs) in its loan portfolio. As at 30 September 2019, INR971.09 million of the Issuer's loan assets (as per Ind AS) on a standalone basis were categorised as NPAs. The Issuer's Gross NPAs on a standalone basis as at 31 March 2019 were INR825.69 million (which constituted 0.55 per cent. of its total loan assets on a standalone basis as at that date) compared with INR694.57 million as at 31 March 2018 (which constituted 0.54 per cent. of its total loan assets on a standalone basis as at that date), each as per Ind AS. The Issuer's gross NPAs and net NPAs on an unconsolidated basis (as per Indian GAAP) increased to INR694.57 million and INR410.22 million, respectively, as at 31 March 2018 (which constituted 0.54 per cent. and 0.32 per cent., respectively, of its total loan assets on an unconsolidated basis as at that date) from INR2,337.52 million and INR1,972.24 million, respectively, as at 31 March 2017 (which constituted 2.02 per cent. And 1.72 per cent., respectively, of its total loan assets on an unconsolidated basis as at that date). As at 30 September 2019, 31 March 2019, 31 March 2018 and 31 March 2017, the Issuer's provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made, as per Ind AS) on an unconsolidated basis was 43.47 per cent., 41.71 per cent., 40.94 per cent. and 15.63 per cent., respectively. As the Issuer's loan portfolio grows, it may experience greater defaults in principal and/or interest repayments and its levels of Stage 3 assets or NPAs may also increase. The Issuer may not be successful in its efforts to improve collections and/or recoveries in relation to its Stage 3 assets or NPAs, or otherwise adequately control its level of Stage 3 assets or NPAs.

The Master Directions for Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (the "**RBI Master Directions**") (as per Indian GAAP) and the applicable Indian accounting standards (as per Ind AS) prescribe the provisioning required in respect of the Issuer's outstanding loan portfolio, which may require it to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. With the Issuer's transition to Ind AS, with effect from 1 April 2018, asset classification and provisioning norms are now based on the ECL model. See "*Assets and Liabilities – Classification of Assets and Provisioning*" of this Offering Circular for more details.

If there is any increase in the Issuer's levels of Stage 3 assets, any decrease in the value of the gold collateral or further ageing of its Stage 3 assets, the resulting deterioration in its provisioning coverage (as a percentage of Stage 3 assets or otherwise) may require the Issuer to increase its provisions, which could materially and adversely affect its business, financial condition and results of operations.

The Issuer's foreign currency exchange business may be adversely affected by exchange rate fluctuations and is required to adhere to strict KYC norms.

The Issuer's income from its foreign currency exchange business for the six-month period ended 30 September 2019 and the year ended 31 March 2019 was INR0.83 million and INR1.09 million, forming 0.003 per cent. and 0.003 per cent. of the Issuer's consolidated total revenue for the six-month period ended 30 September 2019 and the year ended 31 March 2019, respectively from fee-based services. The Issuer is authorised to conduct the foreign currency exchange business under the Authorised Dealer Category II ("**AD II**") licence that was granted to it by the RBI. Engaging in the foreign currency exchange business requires the Issuer to adhere to all the terms that are contained in its AD II licence, including periodic statements to the RBI and strict compliance with KYC norms. Any failure by the Issuer to comply with such reporting requirements and KYC norms may result in the imposition of significant penalties, which could adversely affect the Issuer's financial condition, cash flows and results of operations.

If the Issuer fails to maintain effective internal control over financial reporting in the future, the accuracy and timing of its financial reporting may be adversely affected.

The Issuer has taken certain steps to enhance its internal controls commensurate to the size of its business, primarily through the formation of a designated internal audit team with additional technical accounting and financial reporting experience. However, the Issuer is exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions it may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. Given the Issuer's high volume of transactions, any errors may be repeated or compounded before they are discovered and rectified. The Issuer's management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Given the cash nature of the Issuer's business, certain matters such as fraud and embezzlement cannot be eliminated entirely, and the Issuer is subject to heightened risk of being used for money laundering purposes. Where internal control weaknesses are identified, the Issuer's actions may not be sufficient to fully correct such weaknesses.

The Issuer is vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security system, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to detect these breaches in security may adversely affect the Issuer's operations. In addition, several of the Issuer's credit appraisal, portfolio management and collection related processes are yet to be fully automated, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. While the Issuer expects to remedy such issues, the Issuer cannot assure you that it will be able to do so in a timely manner, which could impair its ability to accurately and timely report its financial position, results of operations or cash flows.

System failures or inadequacy and security breaches in computer systems may adversely affect the Issuer's operations and result in financial loss, disruption of its businesses, regulatory intervention or damage to its reputation.

The Issuer's business is increasingly dependent on its ability to process, on a daily basis, a large number of transactions. The Issuer's financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond its control, including a disruption of electrical or communications services. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in the Issuer's internal processes or systems, it could adversely affect the Issuer's operations and result in financial loss, disruption of its businesses, regulatory intervention or damage to its reputation. In addition, the Issuer's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports its businesses and the localities in which it is located.

The Issuer's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Each of the Issuer's branches accesses the Manappuram data centre through the internet, and all data is stored centrally in the Manappuram data centre. Data is also replicated at the Issuer's Disaster Recovery Centre in Chennai. The Issuer's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. The financial services industry as a whole is characterised by rapidly changing technologies, and system disruptions and failures caused by fire, power loss, telecommunications failures, unauthorised intrusion, computer viruses and disabling devices, natural disasters and other similar events may interrupt or delay the Issuer's ability to provide services to its customers. Security breaches, acts of technology that the Issuer uses to protect its customers' personal information and transaction data that it receives and stores.

Despite the Issuer's efforts to ensure the integrity of its systems, it is possible that the Issuer and its external vendors and service providers may not be able to anticipate or implement preventive measures against all security breaches, especially because the techniques used change frequently or are not recognised until launched, and because security attacks can originate from a wide variety of sources. Third parties may also attempt to fraudulently induce the Issuer's employees, customers or other users of its systems to disclose sensitive information in order to gain access to the Issuer's data or that of its customers. These risks may increase in the future as the Issuer continues to increase its reliance on the internet and use of web-based product offerings and on the use of cyber-security. A successful penetration or circumvention of the security of the Issuer's systems or a defect in the integrity of its systems or cyber-security could cause serious negative consequences for its business, including significant disruption of its business and operations, misappropriation of its confidential information or that of its customers, or damage to its computers or operating systems and to those of its customers and counterparties.

Additionally, the Issuer is dependent on certain external vendors or service providers for the implementation and maintenance of its systems. The Issuer is exposed to the risk that these external vendors or service providers may be unable to fulfil their contractual obligations to it (or will be subject to the risk of fraud or operational errors by their respective employees) and to the risk that their (or their vendors') business continuity and data security systems prove to be inadequate.

Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to the Issuer or to its customers, loss of confidence in the Issuer's security measures, customer dissatisfaction, significant litigation exposure and harm to its reputation, all of which could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer is subject to supervision and regulation by the RBI as a non-deposit-taking systemically important NBFC. In case of any adverse change in the regulations, the Issuer may have to comply with stricter regulations and guidelines.

The Issuer is regulated principally by and have reporting obligations to the RBI. The Issuer is also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing the Issuer may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's Gold Loan industry. Moreover, new regulations may be passed that restrict the Issuer's ability to do business.

The RBI issued the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "**Stressed Assets Directions**") on 7 June 2019, with a view to providing a framework for early recognition, reporting and time-bound resolution of stressed assets. The Stressed Assets Directions applies to scheduled commercial banks, small finance banks and NBFC-ND-SIs such as the Issuer. The Stressed Assets Directions provide that lenders will recognise stress in loan accounts immediately on default by classifying such assets as special mention accounts ("**SMAs**"). These SMAs are classified into three sub-categories depending on the number of days for which the amount has been due and payable. As required under the Stressed Assets Directions, the Board has approved a policy for the resolution of stressed assets.

Once a borrower is reported to be in default, the Stressed Assets Directions provide that lenders will undertake a review of such borrower's account within 30 days from such default (the "**Review Period**"). During the Review Period, lenders may decide on a resolution strategy. In cases where a resolution plan has been initiated, all lenders are required to enter into an inter-creditor agreement, during the Review Period, to provide for rules for the implementation of the resolution plan for those borrowers with credit facilities from more than one lender. The Issuer, being an NBFC engaged in providing loans secured by gold jewellery as collateral to individual borrowers, does not have a large exposure to larger sized loans and a large number of the Issuer's borrowers may not be impacted by the Stressed Assets Directions. However, the Issuer cannot assure you that this policy and the Stressed Assets Directions will impact it favourably.

As a part of its regulatory oversight, the RBI is also entitled to inspect the Issuer's books of accounts and other records for the purpose of verifying compliance with applicable regulations and the correctness or completeness of any statement, information or particulars furnished to the RBI. The RBI has, in the past, issued show cause notices and observations pursuant to such periodic inspection and the Issuer had given clarifications in this regard. While the Issuer has responded to such notices and observations and addressed them, there can be no assurance that the RBI will not make similar or other observations in the future.

The Issuer is also subject to corporate, taxation and other laws in force in India. Compliance with many of the regulations applicable to the Issuer's operations may involve significant costs and otherwise may impose restrictions on its operations. The Issuer cannot assure you that it will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The Issuer's present operations may not meet all regulatory requirements or subsequent regulatory amendments. If the interpretation of the regulators and authorities varies from the Issuer's interpretation, the Issuer may be subject to penalties and its business could be adversely affected. As a result of high costs of compliance, the Issuer's profitability may be affected. Further, if the Issuer is unable to comply with such regulatory requirements, its business, financial condition, results of operations and cash flows may be materially and adversely affected.

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

The Issuer is required to make various filings with the RBI, the Registrar of Companies, the SEBI, NHB and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If the Issuer fails to comply with these requirements, or a regulator claims the Issuer has not complied with these requirements, the Issuer may be subject to penalties and compounding proceedings. For instance, in the past, the Issuer has needed to approach the Company Law Board for condoning the delay in filing certain forms and has had to pay certain penalties. In another instance, the Issuer's subsidiary, Manappuram Home Finance Limited ("**MHFL**") was asked to show cause as to why penal action should not be taken against it under the NHB Act for non-submission of the half yearly return for the period ended 31 March 2014. The matter was disposed of subsequently.

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

RBI regulations have made the Issuer's loans with bullet payments for principal and interest ineligible for securitisation, making its cost of funds higher.

In August 2012, the RBI modified the then-prevailing guidelines relating to securitisation and direct assignment transactions. The revised RBI guidelines provide that originators of securitised loans should retain a portion of each securitisation originated and should ensure more effective screening of loans. In addition, a minimum period of retention of loans prior to securitisation was also required to provide comfort to the investors regarding the due diligence exercised by the originator. Further, assets with bullet repayment of both the principal and the interest amounts cannot be securitised, either in whole or in part. Since the Issuer's loans are currently in the form of bullet repayment, it cannot meet the RBI's revised securitisation guidelines. The RBI further stipulated that originating NBFCs can securitise loans only after these had been held by them for a minimum of three months. The average duration of certain of the Issuer's loans is around three to six months, and consequently, these changes have adversely affected its ability to raise funds through securitisation.

The Issuer's ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs, which may result in an increase in the Issuer's cost of borrowings.

Under the applicable RBI regulations for bank finance to NBFCs, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC engaged in the Gold Loan business should not exceed 7.5 per cent. of the bank's capital funds. Banks may, however, assume exposures on a single NBFC up to 12.5 per cent. of their capital funds, provided the exposure in excess of 7.5 per cent. is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together and should include internal sub-limits, to all NBFCs providing Gold Loans such as the Issuer, within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together as prescribed under the applicable RBI regulations. This limits the exposure that banks may have to NBFCs such as the Issuer, which may restrict the Issuer's ability to borrow from such banks and may increase its cost of borrowing, adversely affecting the Issuer's growth, business and financial condition.

If interest rate restrictions are imposed on lending by NBFCs, the Issuer's operating results and financial condition may be adversely affected.

The Issuer is subject to laws and regulations by Indian governmental authorities, including the RBI. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Issuer. For instance, a number of states in India have enacted laws to regulate transactions involving money lenders. These state laws establish maximum rates of interest that can be charged by a person lending money. These laws vary from state to state and currently do not apply to NBFCs, as such institutions are regulated by the RBI. The RBI, however, has not established a ceiling on the rate of interest that can be charged by an NBFC in the Issuer's sector of operations. Currently, the RBI requires that the board of all NBFCs adopt an interest rate model taking into account relevant factors such as the cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further the NBFC Master Directions mandate NBFCs to formulate a board approved lending policy. In accordance with the same, the Issuer has formulated its lending policy as displayed on its website. If, in the future, the RBI imposes an interest rate ceiling on lending by NBFCs, the Issuer's operating results, cash flows and financial condition may be adversely affected.

The Issuer's ability to assess, monitor and manage risks inherent in its business differs from the standards of certain of its counterparts in India and in certain developed countries.

The Issuer is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of the Issuer's risk management is limited by the quality and timely availability of data.

The Issuer's hedging strategies and other risk management techniques may not be fully effective in mitigating its risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although the Issuer has established these policies and procedures, they may not be fully effective. The Issuer's future success will depend, in part, on its ability to respond to new technological advances and emerging industry standards and practices for Gold Loan NBFCs and other financing institutions on a cost-effective and timely basis. The development and implementation of such technology entails significant operational and business risks. The Issuer cannot assure you that it will successfully implement new technologies or adapt its transaction-processing systems to customer requirements or emerging market standards and any failure to do so could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer may not be able to successfully identify, manage, complete and integrate acquisitions, divestitures and other significant strategic transactions.

As part of the Issuer's business strategy, it has acquired, and may continue to acquire, complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further expand its business.

In order to pursue this strategy successfully, the Issuer must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. The Issuer may not fully realise all of the anticipated benefits of any such transaction within the anticipated timeframe, or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable.

For instance, the Issuer has, in the past, explored the opportunity of acquiring Indian School Finance Company Private Limited ("**ISFC**"), an NBFC engaged in the business of funding education segment by providing loans to entities involved in imparting education; which had not fructified. ISFC had sought RBI approval in respect of such acquisition. However, the RBI had refused to grant such approval to ISFC on the grounds that the Issuer, *inter alia*, (i) could not satisfy the fit and proper criteria on a continuous basis in terms of the extant instructions of RBI; and (ii) was in violation/contravention of provisions relating to business conduct, corporate governance and other laws.

Failure to fructify acquisitions and strategic investments may have an impact on the Issuer's growth and the Issuer cannot assure that such opportunities of acquisitions and strategic investments in the future shall not get affected.

Managing business combination and investment transactions requires varying levels of management resources, which may divert the Issuer's attention from other business operations, may result in significant costs and expenses and charges to earnings. The challenges involved in such integration include:

- combining product offerings and entering into new markets in which the Issuer is not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalising transaction processes and corporate and IT infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

Any such acquisition may also result in earnings dilution, the amortisation of goodwill and other intangible assets or other charges to operations, any of which could have a material adverse effect on the Issuer's business, financial condition or results of operations. These acquisitions may give rise to unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or the acquisition is finalised. Such acquisitions could involve numerous additional risks, including, without limitation, difficulties in the assimilation of the operations, products, services and personnel of any acquired company and could disrupt the Issuer's ongoing business, distract its management and employees and increase its expenses. In addition, in order to finance an acquisition, the Issuer may be required to make additional borrowings or may issue additional equity, potentially leading to dilution of existing shareholders.

If the Issuer is unable to suitably address any of these risks, the Issuer's business, financial condition, results of operations and cash flows could be materially and adversely affected.

Any deterioration in the performance of any pool of receivables assigned or securitised to banks and other institutions may adversely impact the financial performance of the Issuer.

The Issuer may in the ordinary course of business, to improve liquidity and minimise risks, assign or securitise a portion of its receivables from its loan portfolio to banks and NBFCs. Such securitisation/assignment transactions are undertaken by the Issuer on the basis of its internal estimates of funding requirements and may vary from time to time.

For the six month period ended 30 September 2019 and for the years ended 31 March 2019, 2018 and 2017, the book value of loans securitised and assigned was INR14,424.72 million, INR14,825.13 million, INR3,515.72 million and INR741.84 million, respectively on a consolidated basis. Any change in the RBI or other government regulations in relation to assignments, securitisations by NBFCs could have an adverse impact on the Issuer's assignment/securitisation initiatives.

However, in the event the bank or NBFC does not realise the receivables due under loans that have been securitised/assigned by the Issuer, the relevant bank or NBFC can enforce the underlying credit enhancements assured by the Issuer. Further, any deterioration in the performance of any batch of receivables assigned to banks and NBFCs could adversely affect the Issuer's credibility and therefore its ability to conduct further assignments and securitizations. Further, the Issuer may also be named as a party in legal proceedings initiated by an assignee in relation to the securitised assets. Should a substantial portion of the Issuer's securitised/assigned loans be put back to it, this could have an adverse effect on the financial condition and results of operations of the Issuer.

The success of the Issuer's business depends on the continued service of its senior management and employees.

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

The Issuer may also be required to substantially increase the number of its professionals and specialists in connection with any future growth plans, and it may face difficulties in doing so due to the competition in the financial services industry for such personnel. The Issuer's failure to attract, hire or retain competent personnel could materially impair its ability to implement any plan for growth and expansion. Competition for quality employees among business institutions may also require the Issuer to increase compensation, which would increase operating costs and reduce profitability.

Further, the Issuer's business is dependent on its team of relationship managers, who directly manage customer relationships. These relationship managers also have an in-depth knowledge of the products or services that the Issuer provides to its customers. If the Issuer loses its relationship managers to its competitors or if it is otherwise unable to retain such relationship managers, the Issuer may lose the customer relationships that they helped maintain, in addition to the cost of replacing the relationship managers. Any such loss could have a material adverse effect of on the Issuer's business and financial condition.

The Issuer's success depends on its ability to attract, retain and motivate key executives or employees.

In order to be successful, the Issuer must attract, train, motivate and retain highly skilled employees, especially branch managers and gold collateral appraisal personnel. If the Issuer cannot hire additional personnel or retain existing qualified personnel, its ability to expand its business may be impaired and its revenue could decline. Hiring and retaining qualified and skilled managers and sales representatives are critical to the Issuer's future, and competition for experienced employees in the Gold Loan industry can be intense. In addition, the Issuer may not be able to hire and retain enough skilled and experienced employees to replace those who leave, or may not be able to re-deploy and retain its employees to keep pace with continuing changes in technology, evolving standards and changing customer preferences. The Issuer's failure to hire key employees or the loss of key employees could materially and adversely affect its business and results of operations.

The Issuer's results of operations could be adversely affected by any disputes with its employees.

As at 30 September 2019, the Issuer employed 26,392 and 20,121 personnel in its operations on a consolidated and standalone basis respectively. Currently the Issuer's employees do not belong to any recognised labour union. Any large-scale disputes or other problems with the Issuer's workforce may cause undue disruptions to its normal business operations. While the Issuer believes that it maintains good relationships with its employees, it cannot assure you that it will not experience future disruptions to its operations due to disputes or other problems with its work force; which may adversely affect its business and results of operations.

The Issuer is required to comply with the requirements of certain labour laws which may impose additional costs on the Issuer.

The Issuer's branches are required to be registered under the relevant shops and establishments laws and verifications under the Legal Metrology Act, 2009 of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals, exemptions or licences, or renewals thereof, in a timely manner, or at all, the Issuer's business may be adversely affected. If the Issuer fails to comply, or a regulator claims that the Issuer has not complied, with any conditions, the Issuer's certificate of registration may be suspended or cancelled and the Issuer may not be able to carry on such activities.

In addition, the Issuer's employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972, the Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Issuer is also required to maintain certain records under the provisions of these laws, which add to the Issuer's costs. If the Issuer subject to penalties under these labour laws or if the Issuer does not obtain the requisite approvals, the Issuer's business, financial condition, cash flows and results of operations may be adversely affected.

The Issuer's insurance coverage may not be adequate to protect it against all potential losses to which it may be subject.

The Issuer maintains insurance cover for its free hold real estate and tangible properties, including gold and cash, and infrastructure at all premises, which provides insurance cover against loss or damage by fire as well as against natural calamities including earthquake and floods. Further, the Issuer maintains insurance for employee fidelity, cash and gold in the branch premises and in transit, which provides insurance cover against loss or damage by employee theft, house breaking and hold up. Additionally, the amount of the Issuer's insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that it may suffer should a risk materialise. Further, there are several events or circumstances that could significantly impact the Issuer's operations, or expose it to third-party liabilities, for which it may not be adequately insured. If the Issuer was to incur a significant liability for which it was not fully insured, it could materially and adversely affect the Issuer's business, financial condition and results of operations.

The Issuer may not be able to obtain, renew or maintain its statutory and regulatory permits and approvals required to operate its business.

NBFCs in India are subject to strict regulation and supervision by the RBI. In addition, housing finance companies ("**HFCs**") are subject to regulation and supervision by the National Housing Board (the "**NHB**") and the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI or an HFC with the NHB, the Issuer is required to maintain certain statutory and regulatory permits and approvals for its business. In the future, the Issuer will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by the Issuer or at all. Failure by the Issuer to renew, maintain or obtain the required permits or approvals may result in the interruption of its operations and could materially and adversely affect the Issuer's business, financial condition and results of operations.

In addition, the Issuer's branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Certain of the Issuer's branches have not applied for such registration while other branches still have applications for registration pending. If the Issuer fails to obtain or retain any of these approvals or licences, or renewals thereof, in a timely manner or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims it has not complied, with any of the conditions set out in its permits and approvals, the Issuer's permits and approvals may be suspended or cancelled, and it may not be able to carry on such activities, which will materially and adversely affect its business, financial condition and results of operations.

The Issuer has entered into certain transactions with related parties, which may involve conflicts of interest.

The Issuer has entered into transactions with several related parties, including its controlling shareholders and directors. The Issuer can give no assurance that it could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Issuer will enter into related party transactions in the future. The Issuer cannot assure you that such transactions, individually or in the aggregate, will not adversely affect its financial condition and results of operations. The transactions the Issuer has entered into and any future transactions with its related parties have involved or could potentially involve conflicts of interest. For details regarding the Issuer's related party transactions entered into by it, please refer to the relevant notes to the respective financial statements of the Issuer included elsewhere in this Offering Circular.

Some of the Issuer's existing shareholders have pre-emptive rights or special rights pursuant to the terms of various share purchase agreements.

The Issuer and its controlling shareholders entered into a share purchase agreement dated 14 March 2012 with Baring India Private Equity Fund II Limited, Baring India Private Equity Fund III Listed Investments Limited, BRIC II Mauritius Trading (collectively, the "**Investors**" and such agreement the share purchase agreement ("**SPA**")). These Investors enjoy certain special rights attached to their shareholding in the Issuer including (i) the appointment of a nominee director on the Board of the Issuer; (iii) appointment of the nominee director on certain committees of the Issuer; (iv) share transfer restrictions on the controlling shareholders; and (v) certain financial rights, such as tag along rights, a right of first offer and a right of first sale in certain specified situations.

The Issuer's promoters have given personal guarantees in relation to certain debt including assignment facilities provided to the Issuer and have also pledged their equity shares under the terms of certain loan agreements they have entered into.

The Issuer's controlling shareholders have given personal guarantees aggregating to INR74,814.85 million as on 30 September 2019 in relation to certain debt including assignment facilities provided to the Issuer, which is the total limit sanctioned to it under such debt (including assignment facilities). In the event any of the guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may terminate such facilities. The Issuer may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect its financial condition.

Further, one of the Issuer's controlling shareholders and directors, V. P. Nandakumar, has pledged a total of 13,500,000 Equity Shares with Aditya Birla Money Limited as on 30 September 2019. This amounts to 1.19 per cent. of the Issuer's paid up capital as on that date. As per the terms of the loan arrangement with Aditya Birla Money Limited, the equity shares are pledged at a margin of 50 per cent. In case of a margin shortfall, the same would have to be recouped by the pledge of additional equity shares. However, any margin shortfall due to a reduction in share price beyond 30 per cent. would have to be recouped by way of repayment. The Issuer cannot assure you that the interest and/or principal amount of these loans will be repaid on time or that an adequate margin will be maintained at all times, which could result in a sale of the pledged shares.

A decrease in the controlling shareholder's holding below agreed thresholds could amount to an event of default under some of the Issuer's loan agreements. The occurrence of any of these risks may adversely affect the Issuer's financial condition, cash flows and results of operations.

The Issuer's promoters, directors and related entities have interests in a number of entities, which are in businesses similar to the Issuer's and this may result in potential conflicts of interest with it.

Certain decisions concerning the Issuer's operations or financial structure may present conflicts of interest among its promoters, directors, executive officers and other shareholders. The Issuer's promoters, directors and related entities have interests in the following entities that are engaged in businesses similar to the Issuer's:

- Maben Nidhi Limited

- Manappuram Asset Finance Limited

Commercial transactions in the future between the Issuer and related parties could result in conflicting interests. A conflict of interest may occur directly or indirectly between the Issuer's business and its related businesses which could have an adverse effect on its operations. Conflicts of interest may also arise out of common business objectives shared by the Issuer, its promoters, directors and their related entities. The Issuer's promoters, directors and their related entities may compete with the Issuer and have no obligation to direct any opportunities to it. There can be no assurance that these or other conflicts of interest will be resolved in an impartial manner and any of these conflicts could adversely affect the Issuer's business and results of operations.

The Issuer depends on its brand recognition, and failure to maintain and enhance awareness of its brand would adversely affect its ability to retain and expand its customer base.

The Issuer believes that any damage to its reputation could substantially impair its ability to maintain or grow its business, or could have a material adverse effect on its overall business, financial condition and results of operations. If the Issuer fails to maintain brand recognition with its target customers due to any issues with its product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to its business or to the brands under which the services are provided declines, market perception and customer acceptance of the Issuer's brands may also decline. Any negative news affecting the Issuer might also affect the Issuer's reputation and brand value. In such an event, the Issuer may not be able to compete for customers effectively, and the business, financial condition and results of operations of the Issuer may be adversely affected.

In addition, the Issuer also faces the risk of its brand name being misused for fraudulent purposes, which may adversely affect its reputation.

The Issuer does not currently own the trademark to the "Manappuram" logo.

The "Manappuram" logo is registered with the Registrar of Trademarks in India under Class 36 in the name of the Issuer's controlling shareholder and director, V. P. Nandakumar. The trademark has been licenced to the Issuer for use on a non-exclusive, non-assignable basis for a period of ten years by way of a licencing agreement dated 18 December 2007 between the Issuer and V. P. Nandakumar (the "**Trademark Licencing Agreement**"). Further, the Issuer has received a no-objection letter dated 1 September 2018 from its controlling shareholder and director, V.P. Nandakumar, for the continuous use of the logo by the Issuer and its Subsidiaries under the terms of the Trademark Licencing Agreement. The Issuer cannot assure you that it will continue to have the uninterrupted use and enjoyment of the "Manappuram" logo if it is unable to renew the Trademark Licencing Agreement. Further, renewal of the Trademark Licencing Agreement may be on terms and conditions that are unfavourable to the Issuer. Termination, non-renewal or renewal on unfavourable terms of the Trademark Licencing Agreement may adversely affect the Issuer's business, reputation, goodwill, financial condition, cash flows and results of operations.

All of the Issuer's group companies use the "Manappuram" name and logo. However, the group companies have not entered into any licence agreements for such use of the logo. If the actions of the Issuer's controlling shareholders or its group companies damages the "Manappuram" name, the Issuer's reputation, business and financial condition may be adversely affected.

The Issuer and its subsidiaries are subject to periodic inspections from RBI, NHB and IRDA, as applicable. Non-compliance with RBI, NHB or IRDA observations may have a material adverse effect on the Issuer or its subsidiaries' business, financial condition or results of operations.

The Issuer is subject to certain routine inspections carried out by the RBI from time to time. The inspections conducted by RBI of the Company in the last five fiscal years included certain findings and observations, in relation to certain non-compliances of KYC/Anti-Money Laundering standards (pursuant to KYC Master Directions) with respect to customer data not being uploaded to CERSAI, corporate governance requirements and in relation to maintenance of adequate financial matrices as required under the RBI Master Directions among others. For instance, the most recent inspection by the RBI was conducted for the Issuer for Fiscal 2019, pursuant to which the RBI issued its observations by way of its letter dated 4 September, 2019 ("**Observations**"). Whilst the Issuer provided its response and informed the RBI regarding the status of its compliance in relation to such Observations vide its letter dated 5 October, 2019, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. While the Issuer believes that it can address these findings and comply with applicable regulations, any delay or failure in doing so may subject it to further regulatory reviews by the RBI.

The Issuer's subsidiaries are also subject to periodic inspections from RBI, NHB and IRDA, as applicable. The Issuer's subsidiary, Asirvad is subject to periodic inspections of books of accounts and other records by RBI for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for obtaining any information which Asirvad may have failed to furnish on being called upon to do so. The inspections conducted by RBI of Asirvad in the last five Fiscals included certain findings and observations, including in relation to certain non-compliances of the Anti-Money Laundering norms, corporate governance requirements and in relation to maintenance of adequate financial matrices among others. For instance, the most recent inspection of Asirvad for Fiscal 2017 was carried out, pursuant to which the RBI issued its observations by way of its letter dated 25 September 2017 ("**RBI Observations**"). Whilst Asirvad provided its response and informed the RBI regarding the status of the Issuer's compliance in relation to such RBI Observations on 8 November 2017, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. RBI may take appropriate action against Asirvad which could have a material and adverse effect on the Issuer's business and financial condition.

The Issuer's subsidiary, Manappuram Home Finance Limited ("**MHFL**") is also subject to periodic inspections of books of accounts and other records by NHB for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which MHFL may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance institutions under provisions of the National Housing Bank Act, 1987. The inspections conducted by NHB of MHFL in the last five Fiscals included certain findings and observations, including in relation to certain non-compliances of Housing Finance Companies (NHB) Directions, 2010, guidelines on KYC and Anti-Money Laundering for HFCs and HFCs – Corporate Governance (NHB) Directions, 2016 and in relation to maintenance of adequate financial matrices among others. The most recent inspection of MHFL was conducted for Fiscal 2017, pursuant to which the NHB issued its observations by way of its letter dated 17 January 2018 ("**NHB Observations**"). Whilst MHFL provided its response and informed the NHB regarding the status of compliance in relation to such NHB Observations on 21 February 2018, there can be no assurance that NHB will consider such steps to be adequate and treat the observations as being duly complied with. NHB may take appropriate action against MHFL which could have a material and adverse effect on the Issuer's business and financial condition.

The Issuer has received requests for information and show cause notices from the RBI and SEBI indicating violations of certain RBI and SEBI norms

The Issuer has received show cause notices from RBI and SEBI in relation to certain alleged violations of RBI and SEBI norms. For instance, SEBI has issued a notice dated 29 May 2019 to the Issuer and other persons including V. P. Nandakumar, B. N. Raveendra Babu, I Unnikrishnan, Sachin Agrawal, Rajesh Kumar K and Ambit Capital Private Limited for the alleged violations of certain regulations under SEBI (Prohibition of Insider Trading Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading Trading) Regulations, 2015, Clause 36 of the listing agreement along with Section 21 of Securities Contract Regulation Act, 1956, Section 12A(c) of SEBI Act, 1992 read with certain Regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Further, the RBI had through its letter dated 11 August 2017, issued a show cause notice to the Issuer in respect of, inter alia, (i) the non-declaration by the Issuer of the reserve price during the auction of gold ornaments pledged by the Customer; (ii) non-intimation to customers in the event of any change in the purity of gold as assessed by the company subsequent to a disbursement of the loan; (iii) splitting of high value loans greater than INR0.1 million so that the loan disbursements made above INR0.1 million are made in cash against which cash was withdrawn across bank counters by customers and (iv) post auction intimation sent to customers which did not mention certain details. For further details, see the section "*Business – Legal Proceedings and statutory defaults*" of this Offering Circular.

While the Issuer has submitted detailed responses to SEBI and RBI on all the violations alleged against the Issuer, the Issuer cannot provide assurances that there will be no further requisitions/ actions from SEBI or RBI. If further actions are taking against the Issuer by SEBI and/or RBI, it could have a material and adverse effect on the Issuer's business and financial condition.

The Issuer and V. P. Nandakumar are involved in certain legal proceedings (including criminal proceedings)

The Issuer and V. P. Nandakumar are involved in certain legal proceedings, including criminal proceedings, SEBI proceedings, civil cases, consumer cases, disputes in relation to the branch premises taken on lease by the Issuer, and tax claims. In particular, the Issuer and its directors are party to various criminal proceedings in relation to alleged violations of state money lending laws and for certain alleged offences under the Indian Penal Code, 1860. These criminal proceedings have been filed by various parties including customers, borrowers and employees of the Issuer on the grounds that the Issuer, *inter alia*, (i) refused to release and wrongfully retained the custody of the pledge created by the complainant in favour of the Issuer for the purpose of availing loans; (ii) committed dishonest misappropriation and unauthorised disposal of gold pledged with it by the complainant; (iii) carried out illegal auctions in respect of the gold ornaments pledged with the Issuer by the complainant; and (iv) had been charging exorbitant rates of interest. V. P. Nandakumar, in the past, had been summoned by the Enforcement Directorate seeking information in relation to the Manappuram group. V. P Nandakumar, through various letters had provided the information sought and had also appeared in person before the Enforcement Directorate in respect of the same. The officials of the Enforcement Directorate have orally intimated V. P. Nandakumar that the proceedings are closed.

The legal proceedings are pending at different levels of adjudication before various courts and tribunals. For further details in relation to material legal proceedings, see the section titled "*Business – Legal Proceedings and statutory defaults*" of this Offering Circular. The Issuer cannot provide any assurance in relation to the outcome of these proceedings. The Issuer can also not provide assurances that there will be no further requisitions from the Enforcement Directorate. Any adverse decision may materially and adversely affect the Issuer's business, financial condition and results of operations. Such proceedings are costly to defend against and can materially affect the Issuer's financial condition, even if the Issuer is successful in defending them or effectively redress such proceedings. If the Issuer is unsuccessful in defending these proceedings, the Issuer may have to pay significant damages. The Issuer is also exposed to the risk of adverse publicity as a result of such proceedings. Accordingly, even if the Issuer is successful in defending or settling them, its reputation could be materially harmed. Further, the Issuer cannot assure investors that similar proceedings will not be initiated against the Issuer or its directors in the future.

The Issuer and its subsidiaries leases substantially all its branches of operation and some of the lease agreements entered into by it may not be duly registered or adequately stamped. Any termination of arrangements for lease of the Issuer's or its subsidiaries' branches or its failure to renew the same in a favourable, timely manner, or at all, could adversely affect its business and operations.

Except for the branch office located at the Issuer's registered and corporate office and the Mumbai office, which is owned by the Issuer, all the Issuer's and its subsidiaries' branches are located on leased premises, and the lease agreements must be renewed from time to time. If any of the owners of these premises does not renew an agreement under which the Issuer occupies the premises, delays the renewal of an agreement, attempts to evict the Issuer, or seeks to renew an agreement on terms and conditions unfavourable to it, the Issuer or its subsidiaries may suffer a disruption in its operations or increased costs, or both, which may adversely affect its business and results of operations. Further, some premise owners have filed suits to evict the Issuer and/or its subsidiaries from the premises. Some of the Issuer's and its subsidiaries' lease agreements for its branches may not be adequately stamped or registered with the registering authority of appropriate jurisdiction, which may adversely affect its rights in these pending proceedings. If any of these proceedings are not resolved in the Issuer's or its subsidiaries' favour, its business and results of operations may be adversely affected.

The Issuer is exposed to fluctuations in the market values of its investments and other financial assets.

Any turmoil in the financial markets adversely affects economic activity globally and in India. Continued deterioration of the credit and capital markets may result in volatility of the Issuer's investment earnings and impairments to its investment and financial asset portfolio. Further, the value of the Issuer's investments depends on several factors beyond its control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the Issuer's investments could materially and adversely affect its business, financial condition, results of operations and cash flows.

The Issuer's inability to detect money-laundering and other illegal activities fully and on a timely basis may expose it to additional liability and adversely affect its business and reputation.

The Issuer is required to comply with applicable anti-money laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of the Issuer's operations, it runs the risk of failing to comply with the prescribed Know Your Customer ("**KYC**") procedures, fraud and money laundering by dishonest customers. Although the Issuer believes that it has adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, the Issuer cannot assure you that it will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. The Issuer, in certain of its activities and in pursuit of its business, runs the risk of inadvertently offering its financial products and services ignoring customer suitability and appropriateness despite having KYC and AML measures and associated processes in place and there may be instances where the Issuer may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

The Issuer's implementation of AML and KYC policies and procedures in all its branches, may not be completely effective. Any inability on the Issuer's part to detect such activities fully and on a timely basis may subject it to regulatory actions including imposition of fines and penalties and adversely affect its business and reputation. The Issuer's business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

In addition, as part of the Issuer's payment business involves remittance where the Issuer is a RBI-licenced principal agent and has tie-ups with various third parties such as Western Union as their principal agent, the Issuer could, from time to time, be exposed to receiving remittances which originate from countries that are subject to international sanctions including Iran. While the Issuer does not operate in or have direct dealings with individuals based in such sanctions countries and conducts its relevant diligence procedures in compliance with the relevant regulations and guidelines issued by the RBI in respect of such remittances, there can be no assurance that these may have been carried out adequately and the Issuer may be exposed to reputational and financial risks if these remittances are found to be in breach of the relevant regulations and laws including those relating to sanctions.

The Issuer has certain contingent liabilities and in the event any of these contingent liabilities materialise, its financial condition may be adversely affected.

As at 30 September 2019, the Issuer has certain contingent liabilities, as defined under IND AS 37, not provided for, amounting to INR721.53 million on a consolidated basis. As at 31 March 2019, the Issuer had certain contingent liabilities not provided for, amounting to INR1,646.81 million on a consolidated basis. Set forth below is a table highlighting the main heads of the Issuer's contingent liabilities as at 30 September 2019 and 31 March 2019:

Contingent liabilities	**As at 30 September 2019**	**As at 31 March 2019**
	(Consolidated) *(₹ million)*	
Claims against the Issuer not acknowledged as debt		
Income tax demands	676.90	1,595.93
Kerala value added tax demands	43.69	49.94
Andhra Pradesh value added tax demands	0.00	0.00
Service tax demands	0.94	0.94
Total	721.53	1,646.81

If any of these contingent liabilities materialise, the Issuer's financial condition may be adversely affected.

The new bankruptcy code in India may affect the Issuer's rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") was notified on 5 August 2016 and amended by the Insolvency and Bankruptcy (Amendment) Act, 2018. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time bound insolvency resolution and liquidation process. In case insolvency proceedings are initiated against a debtor, the Issuer may not have complete control over the recovery of amounts due to it. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66 per cent. of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured creditors. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority. Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the Issuer's borrowers, it may affect the Issuer's ability to recover its loans from borrowers and enforcing the Issuer's rights will be subject to the Bankruptcy Code. Any such event occurring may in turn materially and adversely affect the Issuer's business, financial condition, results of operations and prospects.

The Issuer's business and activities may be regulated by the Competition Act, 2002.

The Competition Act, 2002 (the "**Competition Act**") seeks to prevent business practices that have a material adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause a material adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market, or number of customers in the market is presumed to have a material adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations came into force on 1 June 2011. The effect of the Competition Act on the business environment in India is unclear. If the Issuer is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the Competition Commission of India, or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, it may adversely affect the Issuer's business, prospects, results of operations, cash flows and financial condition.

The RBI may identify additional loans as non-performing/impaired in future.

The RBI performs inspection on a regular basis and while as of the date of this Offering Circular, no observations have been made on the Issuer's divergences, there can no assurances that the RBI may not identify additional loans as non-performing/or impaired in future.

Certain facts and statistics included in this Offering Circular are derived from publications and have not been independently verified.

Facts and statistics in this Offering Circular relating to India's economy and the Gold Loan industry are derived from publicly available sources and industry publications. In particular, the information in the section titled "*Industry Overview*" of this Offering Circular has been derived from the reports titled "NBFC Report 2019" prepared by CRISIL Research, a division of CRISIL Limited.

While the Issuer has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, any of the Arranger, Dealer, the Trustee and the Agents, or any of their respective director, officer, employee, adviser, agent, representative or affiliate of any such persons, and, therefore, they make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics in this Offering Circular may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, the Issuer cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Risks Relating to India

The Issuer's results of operations have been, and may continue to be, adversely affected by Indian and international financial markets and economic conditions.

The Issuer's business is highly dependent on Indian and international markets and economic conditions.

There have been fluctuations in interest rates, corporate or other scandals that reduce confidence in the Indian financial markets. Recently, India has experienced a slowdown in economic growth due to a variety of factors, including unsustainably high current account deficit, capital outflows and consequent exchange rate pressures, demonetisation and implementation of GST. Despite the recent signs of an economic turnaround in the Indian economy, the Issuer cannot assure investors that growth will not slow down again or that inflation will not increase further in the future. A slowdown in the Indian economy could adversely affect the Issuer's business and customers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In periods of high rates of inflation, the Issuer's operating expenses may increase, which could adversely affect its results of operations and cash flows.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy is increasingly influenced by economic developments and volatility in securities markets in other countries. Global slowdown of the financial markets and economies has in the past contributed to weakness in the Indian financial and economic environment. The global credit markets have continued to experience significant volatility in recent years, which have had, and may continue to have, a significant adverse effect on the availability of credit and the confidence of the financial markets, globally as well as in India. In addition, there have been concerns in relation to the liquidity of the global financial markets, the level and the volatility of debt and equity prices as well as interest rates, investor sentiment, inflation, the availability and cost of capital as well as credit and the degree in which international economies are expanding or experiencing recessionary pressures. The global financial markets have been and continue to be extremely volatile as the international financial markets were materially and adversely affected by a lack of liquidity, decreased confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment and eroding consumer confidence.

The United States continues to face adverse economic conditions and should a downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade, which may have an adverse effect on the economic outlook across the world. Financial markets and the supply of credit could continue to be adversely affected by on-going concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

The United States and China are also engaged in a trade tariffs war which can also negatively impact the global economy. Further, the United States has been adopting certain protectionist measures which may impact the trade between the U.S. and India. A slowdown in economic growth in markets such as China could also adversely affect economic growth in India.

On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave ("**Brexit**"). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets.

The global economic downturn led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The resulting economic pressure and dampened consumer sentiment can directly and indirectly affect the demand for the Issuer's lending finance and other financial products or increase its cost to provide such products. In addition, adverse economic conditions could lead to an increase in loan delinquencies as well as higher write-offs which can adversely affect the Issuer's earnings. A combination of these factors has contributed to and may continue to materially and adversely affect the Issuer's business, financial condition and results of operations.

Any adverse change in India's credit rating by an international rating agency could adversely affect the Issuer's business and profitability.

On 16 November 2017, Moody's Investor Services, an international rating agency, upgraded the Government of India's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to "stable" from "positive". On 24 November 2017, Standard and Poor's maintained its India rating at the lowest investment grade of BBB-, with a stable outlook. It identified India's high fiscal deficit, heavy Government borrowing and low per capita income as the most significant constraints on its ratings. In November 2018, Fitch, another international rating agency, maintained India's sovereign rating at BBB-with a "stable" outlook, citing India's weak fiscal financing and lagging structural factors, including governance standards. In November 2019 Moody's downgraded India's outlook to negative from stable. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. Any adverse change in India's credit ratings by international rating agencies may limit its access to capital markets and this could in turn materially and adversely affect the Issuer's business, financial condition and results of operations. However, management is of the opinion that India's bright future growth outlook implies the total gold stock will increase and people will tend to utilise the same to meet their credit demands. Furthermore, the Issuer with its leadership position in the gold loan segment, its established franchise with a Pan-India branch network, and its efficient internal controls and monitoring systems, and focus on the lower strata of the society, is expected to experience negligible effect from any adverse change in India's credit rating.

The instability of economic policies and the political situation in India could adversely affect the Indian financing industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in the Issuer's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect the Issuer's business.

Unstable domestic and international political environment could adversely affect the economic performance in the short-term as well as the long-term. The Government of India has pursued various economic liberalisation policies such as relaxing the restrictions in the private sector over the past few years. The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. As a result, the Issuer's business may be affected by changes in the interest rates, government policy and taxation. Furthermore, the Issuer's business may be adversely affected by social and civil unrest or other negative political, economic or other developments in or affecting India. Any one of these events occurring may cause the Issuer's business, financial condition, results of operations and prospects to be materially and adversely affected.

Financial difficulties and other problems in certain financial institutions in India could adversely affect the Issuer's business and operations.

The Issuer is exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. The Issuer can also be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is commonly referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges which exposes the Issuer to the systemic risks faced by entities operating in the Indian financial system. For instance, certain Indian financial institutions have experienced difficulties in recent years, including with respect to write-offs of non-performing loans made to certain large, corporate borrowers. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs merging with stronger entities. Any instability in or any difficulties faced by the Indian financial system could create an adverse market perception in relation to Indian financial institutions, banks and the NBFCs. This, in turn, could materially and adversely affect the Issuer's business, financial condition and results of operations.

Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy and could also adversely affect the Issuer.

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. While the current account deficit ("**CAD**") had shrunk sharply in the years ended 31 March 2015, 2016 and 2017, in the year ended 31 March 2018, the CAD rose sharply to U.S.$48.6 billion, compared to U.S.$14.4 billion in Fiscal 2017. The CAD for Fiscal 2019 is U.S.$56.5 billion. This increase in the CAD was primarily on account of higher trade deficit brought about by a larger increase in merchandise imports relative to exports. The value of the Indian Rupee is under pressure given the increased likelihood of a gradual reversal in U.S. monetary policy that may result in a rotation of global fund flows from emerging markets to the U.S. markets over the medium term. Although the Indian Rupee is less vulnerable given the visible moderation in inflation rates, there remains a possibility of needing to intervene in the foreign exchange market to control volatility of the exchange rate. The need to intervene at that point in time may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could impact domestic interest rates and may materially and adversely affect the Issuer's business, financial condition and results of operations.

Inflation in India could have an adverse effect on the Issuer's profitability and if significant, on the Issuer's financial condition.

The Indian economy has had sustained periods of high inflation in the recent past which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for the Issuer to accurately estimate or control its costs. Continued high rates of inflation may increase the Issuer's expenses related to salaries or wages payable to its employees or any other expenses. In February 2019, the RBI revised its inflation rate forecast downwards to 2.8 per cent. for January to March 2019, 3.2-3.4 per cent. for April to September 2019, and 3.9 per cent. for October to December 2019. However, this downward revision is predicted on a normal monsoon season in 2019 and the crude oil price outlook remaining the same. Any unpredictable monsoon behaviour or unexpected change in crude oil prices might lead to increased inflation. Further, in September 2019, the RBI revised its inflation rate forecast to 3.3 per cent. for July to September 2019, 3.7 per cent. for October to December 2019, and 3.9 per cent. for January to March 2019-2020. However, this was predicted assuming normal monsoon and no major exogenous or policy shocks in 2020-2021. There can be no assurance that the Issuer will be able to pass on any additional expenses or that the Issuer's revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on the Issuer's profitability and, if significant, on the Issuer's financial condition.

Companies operating in India are subject to a variety of taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect the Issuer's tax liability include income tax and indirect taxes on goods and services such as GST, surcharge and cess currently being collected by the central and state governments, which are introduced on a temporary or permanent basis from time to time. The statutory corporate income tax in India includes a surcharge on the tax and an education cess on the tax and the surcharge resulting in the highest effective tax rate of 34.944 per cent. Recently, the government pursuant to the Taxation Laws (Amendment) Ordinance, 2019 amended the Income Tax Act ("**IT Act**") to reduce the corporate income tax rate in certain cases. The central or state government may vary the corporate income tax in the future. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could materially and adversely affect the Issuer's business, financial condition and results of operations.

GST has been implemented with effect from 1 July 2017 and has replaced the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, collected by the central and state governments. GST has increased administrative compliance for companies, which is a consequence of increased registration and form filing requirements. As the taxation system is relatively new and could be subject to further amendments in the short term for the purposes of streamlining compliance, the consequential effects on the Issuer cannot be determined as of now and there can be no assurance that such effects would not adversely affect the Issuer's business, future financial performance and the trading price of the Notes.

The taxation system in India could adversely affect the Issuer's business, prospects, financial condition, cash flows and results of operations.

The provisions relating to the GAAR ("**General Anti Avoidance Rules**") were introduced in the Finance Act 2012 and have been applicable since 1 April 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the IT Act; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes. The tax consequences of the GAAR could result in denial of tax benefits and other consequences, and if the GAAR is made applicable, it may have an adverse tax impact on the Issuer and investors. Any increases in or amendments in the tax applicable to the Issuer due to the GAAR may result in additional taxes becoming payable by it.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Issuer's business.

Terrorist attacks and other acts of violence or war may result in a loss of business confidence and as a result, these events may negatively affect the Issuer's business and the global financial markets. In addition, any deterioration in relations between India and its neighbouring countries might result in concerns by investors in relation to the stability in the Indian region, which may adversely affect the Issuer's business. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could adversely affect the Issuer. Such incidents may also result in general perception that investment in Indian companies involves a higher degree of risk and may materially and adversely affect the Issuer's business, financial condition and results of operations.

Natural calamities could adversely affect the Indian economy.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, materially and adversely affecting the Issuer's business, financial condition and results of operations.

Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect the Issuer's business and financial performance.

The Issuer's business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to the Issuer and its business.

There can be no assurance that the Government of India may not implement new regulations and policies which will require the Issuer to obtain approvals and licences from the Government of India and other regulatory bodies or impose onerous requirements and conditions on the Issuer's operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which the Issuer operates may have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, the Issuer may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm its results of operations. Any unfavourable changes to the laws and regulations applicable to the Issuer could also subject it to additional liabilities.

The application of various Indian tax laws, rules and regulations to the Issuer's business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to the Issuer's interests, the results could increase its tax payments (prospectively or retrospectively) and/or subject it to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on the Issuer's business and financial performance.

Investors may have difficulty enforcing foreign judgments in India against the Issuer or its management.

The Issuer is a limited liability public company incorporated under the laws of India. Most of the Issuer's directors and executive officers named herein are residents of India and all or a substantial portion of the Issuer's assets of and such persons are located in India. As a result, it may not be possible for investors to effect service of process on the Issuer or such persons in jurisdictions outside of India, or to enforce against the Issuer or them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further detail on recognition and enforcement of foreign judgments in India, please see the section entitled "*Enforcement of Civil Liabilities*". A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

There may be less company information available in Indian securities markets than in securities markets in other countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants, and that of markets in the United States and other economies. The Securities and Exchange Board of India ("**SEBI**") is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in other economies. As a result, investors may have access to less information about the Issuer's business, financial condition and results of operations, and those of the competitors that are listed on BSE Limited and The National Stock Exchange of India Limited and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other countries.

The Issuer's ability to raise foreign currency borrowings may be constrained by Indian law.

As an Indian company, the Issuer is subject to regulatory approvals and exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Issuer's financing sources and hence could constrain its ability to obtain financing in a timely manner and on competitive terms and may adversely impact its ability to refinance existing indebtedness. Limitations on raising foreign debt may have an adverse effect on the Issuer's business, financial condition and results of operations.

Indian laws contain restrictions on the acquisition and transfer of Indian securities by persons resident outside India. The conversion of the Rupee proceeds from such sale into foreign currency and the repatriation of such foreign currency from India could require the RBI's approval. Approvals required from the RBI or any other government authority may not be obtained on terms favourable to a non-Indian resident investor or at all.

Indian laws contain restrictions on the acquisition and transfer of Indian securities by persons resident outside India. For further details, see "*Subscription and Sale*". The information therein has been provided for the benefit of investors. However, the information below does not purport to be a complete analysis of the restrictions under Indian laws for the acquisition and/or transfer of securities in an Indian company by a person resident outside India. The Issuer, the Dealers and their respective officers, directors, representatives, agents, affiliates and associates accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire any Notes issued under the Programme.

The Issuer has prepared its financial statements under the IND-AS beginning from 1 April 2018. As IND-AS is different in many respects from Indian GAAP, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements each prepared under Ind-AS may not be comparable to its historical financial statements (including the 2018 Audited Financial Statements and the 2017 Audited Financial Statements) prepared under Indian GAAP.

Prior to 1 April 2018, the Issuer prepared its financial statements in accordance with Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with Ind-AS. Ind-AS is different in many respects from Indian GAAP. A company other than a banking company (excluding regional rural banks and urban co-operative banks), an NBFC and an insurance company may voluntarily adopt Ind-AS for the accounting periods beginning on or after 1 April 2015. However, since the Issuer is an NBFC, it was not allowed to adopt IND-AS voluntarily. The Issuer implemented Ind-AS for the accounting period beginning from 1 April 2018. However, IND-AS has changed the Issuer's methodology for certain items of financials. For a summary of the significant qualitative differences between Indian GAAP and IND-AS as applicable to the Issuer, please see the section entitled "*Significant Differences Between Indian GAAP, IND-AS and IFRS*". As noted, owing to a lack of precedents due to the fact that Ind-AS is applicable to NBFCs from 1 April 2018, the summary in the section entitled "*Significant Differences Between Indian GAAP, IND-AS and IFRS*" contain all significant differences between Indian GAAP and Ind-AS applicable to the Issuer based on its understanding of IND-AS, hence prospective investors need to apply their judgement while relying on this summary Accordingly, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements are not comparable to its historical financial statements (including the 2018 Audited Financial Statements and the 2017 Audited Financial Statements) prepared under Indian GAAP.

Significant differences exist between Indian GAAP and IND-AS and other accounting principles, such as IFRS, which investors outside India may be more familiar with and may consider material to their assessment of the Issuer's financial condition, cash flows and results of operations.

The Issuer's financial statements are prepared in accordance with Indian GAAP for the financial periods prior to 1 April 2018, and in accordance with IND-AS for the financial periods after 1 April 2018. Indian GAAP and IND-AS differ in certain significant respects from IFRS and other accounting principles with which prospective investors outside India may be familiar. If the Issuer's financial statements were to be prepared in accordance with such other accounting principles, its results of operations, cash flows and financial condition may be substantially different. Prospective investors should review the accounting policies applied in the preparation of the Issuer's financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Indian GAAP or IND-AS on the financial information presented in this Offering Circular should accordingly be limited.

Risks relating to the Notes Generally

The Issuer's obligations under the Notes will be subordinated to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of the Issuer's business (including workmen's dues). In particular, in the event of bankruptcy, liquidation or winding-up, the Issuer's assets will be available to pay obligations on the Notes only after all of those liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay entire amounts due on the Notes.

The price and trading volume of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in price for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) (have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modification, waivers and substitution to Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed, Agency Agreement or (where applicable) the Collateral Documents may even bind Noteholders who did not vote for the modification, waivers and substitution to any such aforementioned documents or attend the Noteholders' meeting.

The Terms and Conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes will also provide that the Trustee (i) may (but shall not be obliged to), without the consent of Noteholders, agree (or, in the case of the Collateral Documents, direct the Security Trustee to agree) to any modification (except certain modifications in respect of which an increased quorum is required) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, the Agency Agreement or the Collateral Documents or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, if, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so; (ii) may (but shall not be obliged to) agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law; and (iii) may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer or direct the Security Trustee to agree to the substitution in place of the Issuer (or of any previous substitute under Condition 16 of the Terms and Conditions of the Notes) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any Subsidiary, in each case in the circumstances described in Condition 16 of the Terms and Conditions of the Notes and the other relevant provisions of the Transaction Documents.

Integral multiples of less than the minimum specified denomination.

In relation to any issue of Notes which have a denomination consisting of the minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of the minimum specified denomination (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including, without limitation, the right to given notice to the Issuer following the occurrence of an Event of Default as contemplated in Condition 11.1 of the Terms and Conditions of the Notes and the right to institute proceedings or take any other steps and/or action against the Issuer as it may think fit as contemplated in Condition 11.3 of the Terms and Conditions of the Notes, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such steps and/or actions and/or institute proceedings directly.

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Offering Circular to 31 December 2023 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore ("**MAS**") on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*". However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes are subject to the risk of change of law.

The Terms and Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular, and any such change could materially and adversely impact the value of any Notes affected by it.

The Notes will initially be held in book entry form, and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Notes, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Notes held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. None of the Issuer, the Trustee, the Principal Paying Agent, the Registrar or any other Agent has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Unlike the Noteholders themselves, owners of book entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from the Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream, Luxembourg. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to act through Euroclear and Clearstream, Luxembourg. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Notes.

Rupees may not be freely convertible to other currencies.

The convertibility of a currency (including the Rupee) is dependent, among other things, on international and domestic political and economic factors, and on measures taken by governments and central banks, including the Government and the RBI. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

Approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines is required for redemption of Notes prior to their stated maturity, including upon an Event of Default.

Under the ECB Guidelines, any redemption of Notes prior to its stated maturity would require the prior approval of the RBI or an AD Bank, as the case may be. Therefore, any repayment of Notes prior to maturity as a result of early redemption pursuant to the Terms and Conditions of the Notes (including but not limited to a redemption for tax reasons (Condition 8.2), redemption at the option of the Issuer (Condition 8.3), redemption upon a Change of Control Triggering Event (Condition 8.4) or upon an Event of Default pursuant to Condition 11 would require the prior approval of the RBI or an AD Bank, as the case may be. Compliance with any conditions specified in any such RBI or AD Bank approval will be required. There can be no assurance that such approval would be obtained in a timely manner or at all. Further, any modification or waiver of the Terms and Conditions of the Notes which has the effect of modifying or waiving terms which are not permitted under the automatic route for issue of Notes under the ECB Guidelines will require prior approval from the RBI or the AD Bank in accordance with the ECB Guidelines, and such approval may not be forthcoming.

A debenture redemption reserve will not be created.

The relevant provision of Companies Act, 2013, as amended, and Company (Share Capital and Debentures) Rules, 2014, as amended, is not applicable to the Notes. Therefore, the Issuer is not required to maintain a debenture redemption reserve for redemption of the Notes.

The new bankruptcy code in India may affect the rights of the Noteholders.

Pursuant to a recent amendment, the provisions of the Bankruptcy Code have been made applicable to NBFCs. Application of the Bankruptcy Code to the NBFCs, and invocation of the same against the Issuer, may impact its ability to pay back its creditors, including the holders of the Notes. The enforcement of the creditor rights of the holders of the Notes, will be subject to the said provisions.

An insolvency proceeding relating to the Issuer, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India with which the holders of the Notes are familiar.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including LIBOR or EURIBOR, in particular with respect to certain Floating Rate Notes where the Reference Rate (as defined in the Conditions) may be LIBOR or EURIBOR or another such benchmark. The Pricing Supplement for the Notes will specify whether LIBOR, EURIBOR or another such benchmark is applicable.

Interest rates and indices which are deemed to be "benchmarks", including LIBOR and EURIBOR, are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Principal Paying Agent by reference to quotations from banks communicated to the Principal Paying Agent and the Independent Investment Bank.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a

Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (x) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (y) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate or (z) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the floating rate Notes, in effect, becoming Fixed Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessments about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The right of the Noteholders to receive payments on the Notes is junior to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as to claims of the Indian Government on account of taxes, and certain liabilities incurred in the ordinary course of the Issuer's business. In particular, in the event of bankruptcy, liquidation or winding-up, the Issuer's assets will be available to pay obligations on the Notes only after all of those liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Issuer may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.

The Issuer may, subject to receipt of all necessary consents from its existing lenders and the Dealers, the Arrangers and the Trustee to each Issue under the Programme, raise further borrowings and charge its assets.

The Issuer is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Trustee and the Noteholders will rank *pari passu* with other charge holders and, which to such extent, may reduce the amounts recoverable by the Noteholders upon the Company's bankruptcy, winding-up or liquidation.

The insolvency laws of India may differ from bankruptcy laws of other jurisdictions with which Noteholders are familiar.

As the Issuer is incorporated under the laws of India, an insolvency proceeding relating to it, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India.

Remittances of funds outside India pursuant to indemnification by the Issuer or other payments in relation to the Notes requires prior RBI approval.

Remittance of funds outside India by the Issuer pursuant to indemnity clauses or other similar payments under the Terms and Conditions of the Notes, the Trust Deed or any other agreements in relation to the Notes requires prior RBI approval. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and the Issuer can give no assurance that it will be able to obtain such approvals.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Issuer may be unable to pay interest on, or redeem, the Notes.

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity will, be required to pay interest or redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand (whether due to a serious decline in net operating cash flows or otherwise) and may not be able to arrange financing to make such payment or redeem the Notes in time, or on acceptable terms, or at all. The ability to make interest payments or redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to pay interest on the Notes or to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default, under the relevant Notes, which may also constitute a default under the terms of other indebtedness of the Group.

Noteholders are exposed to financial risk.

Interest payment, where applicable, and principal repayment are set to occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should it suffer serious decline in net operating cash flows.

Risks Relating to the Collateral Generally

There may not be coordinated enforcement action in relation to the Collateral and there may not be sufficient Collateral to pay all or any portion of the Notes.

The Collateral provided to secure the Notes is and will be shared with existing and other future creditors of the Issuer on a *pari passu* basis, and without the benefit of intercreditor arrangements or common security trustee or similar agreements. All existing creditors of the Issuer having security over the Collateral have each provided their consent to the Issuer creating a first ranking *pari passu* security over such Collateral in favour of the Security Trustee for the benefit of the Trustee and the Noteholders, and the Issuer will so represent to the Security Trustee in the Collateral Documents. It is not clear whether each such consent so provided will be effective at the time of any enforcement of the security interests granted in respect of the Collateral in the absence of intercreditor agreements or common trustee arrangements for coordinated enforcement action and application of enforcement proceeds.

The Issuer is required to maintain a Security Coverage Ratio of 1:1 that is calculated by measuring (x) the value of the Collateral available after subtracting the value of Collateral contractually committed in respect of the aggregate amount of Indebtedness (other than the outstanding principal amount of Notes) secured by the Permitted Collateral Security Interest from the total value of the Collateral, against (y) the outstanding principal amount of Notes, at the given point of time, provided that, for the purposes of calculating the Minimum Security Coverage Ratio under Condition 5.1 of the Terms and Conditions of the Notes, only the portion of the Collateral which are classified as Standard Assets, Stage 1 Assets or Stage 2 Assets, as applicable, shall be taken into account and the portion of the Collateral which are classified as NPAs or Stage 3 Assets, as applicable, shall be excluded.

Some of the secured borrowings of the Issuer have a more than 1 time cover and the Notes and such borrowings have a *pari passu* floating charge over the Collateral. Further, in the absence of a common security trustee and intercreditor arrangements, each secured lender of the Issuer may enforce its rights over the Collateral and take enforcement action individually to the extent of the *pari passu* charge in their favour. Such enforcement action may be undertaken by or on behalf of other secured lenders, and enforcement proceeds arising from the enforcement of the Collateral may be received by or on behalf of other secured lenders and available for distribution, prior to the obligations of the Issuer under the Notes being accelerated and becoming due and payable. Repatriation of proceeds pursuant to any acceleration of the Notes requires the prior approval of the RBI or AD Bank, as the case may be, and no assurance can be given as to whether such approval will be given (and if given, any terms or conditions which will be attached to such approval) or as to the time period between the application for approval being delivered to the RBI or AD Bank and the RBI or AD Bank, as the case may be, responding and, possibly, providing its consent to the repatriation of proceeds pursuant to such acceleration of Notes. In addition, the Trustee is not obliged to take action (including without limitation the giving of a notice of acceleration and/or requesting the approval of the RBI or AD Bank, as the case may be, to give such a notice of acceleration and/or instructing the Security Trustee to enforce the Security Collateral Interest over the Collateral) without first being indemnified and/or secured and/or pre-funded, and it may take some time to negotiate and agree such arrangements. In such circumstances, there is a risk that at the time of distribution of enforcement proceeds, there may not be sufficient Collateral remaining to satisfy all amounts due on the Notes despite the Noteholders having the benefit of the Security Coverage Ratio of 1:1 and a first ranking *pari passu* charge.

There may not be sufficient Standard Assets, Stage 1 Assets or Stage 2 Assets in the Collateral pool for the Issuer to pay its obligations owed to the secured creditors including the Noteholders. Additionally, some of the Issuer's financing documents contain cross default provisions that may allow any of its lenders to take enforcement action against it in case any lender or bondholder accelerates their borrowing and invokes their security.

The Security Trustee may only take enforcement action in relation to the Collateral after the Collateral Security Interest has become enforceable in respect of any Series of Notes and upon receipt of directions from the Trustee, which directions may be given by the Trustee in its discretion and without further notice or formality and shall be given if the Trustee is so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the particular Series of Notes then outstanding, or if the Trustee is so directed by an Extraordinary Resolution of the Noteholders of the particular Series of Notes (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) (in accordance with Condition 4.4 of the Terms and Conditions of the Notes). Obtaining such directions may be a time-consuming exercise.

Further, while any of the Issuer's existing lenders may initiate enforcement action against it upon the occurrence of an event of default, it will only be an Event of Default under Condition 11.1(c) of the Terms and Conditions of the Notes (giving rise to a right of acceleration of the Notes) if the relevant amount of Indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in Condition 11.1(c) of the Terms and Conditions of the Notes amounts to at least U.S.$30,000,000 (or its equivalent in any other currency).

In such an event, it is possible that the Notes may not be due and payable while the Collateral is available to pay amounts due and payable for other secured *pari passu* lenders of the Issuer. In the absence of intercreditor arrangements or common security trustee or similar agreements, there will be no coordinated enforcement action and each secured creditor of the Issuer is entitled to initiate individual enforcement actions under their respective documents. Enforcement proceeds of other secured *pari passu* lenders may not be shared by the holders of other secured indebtedness including, inter alia, the Noteholders in proportion to the outstanding amounts of each class of secured indebtedness in the event the Collateral is not due and payable for the Notes. If the proceeds of any sale of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's remaining assets and, in the context of a bankruptcy case by or against it, the holders of the Notes may not be entitled to receive interest or principal payments or their fees, costs or charges due under the Notes, and may be required to repay any such amounts already received by any such holder.

No appraisals of any Collateral have been or will be prepared on behalf of the holders of the Notes. The value of the Collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the Collateral. By its nature, the Collateral may be illiquid and may have no readily ascertainable market value. Similarly, the Issuer cannot assure investors that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

In the event of a foreclosure, liquidation, bankruptcy or a similar proceeding, it cannot be assured that the proceeds from any sale or liquidation of the Collateral will be sufficient for the Issuer to pay its obligations under the Notes, in full or at all, after first satisfying its obligations in full under statutory claims that may have legal priority over the holders of the Notes.

The rights over the Collateral will not be granted directly to holders of the Notes.

The rights over the Collateral securing the obligations of the Issuer under the Notes and the Trust Deed will not be granted directly to the Trustee and the Noteholders but will be granted only in favour of the Security Trustee. As a consequence, the Trustee and Noteholders will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes, except through the Security Trustee.

The failure of the Issuer to properly create, perfect and register the security interests in the Collateral securing the Notes could result in an event of default under the Notes, and could impair the ability of the holders of the Notes to seek repayment.

Under the terms of the Notes, the Issuer will be obliged to execute and deliver the Collateral Documents on or prior to the Issue Date, and it shall make the requisite filings and take all such actions as may be required in relation to the perfection of such security interest created over the Collateral within 30 days following the Issue Date. See "*Terms and Conditions – Condition 5.5 (Post-Closing Collateral Requirement)*". If the Issuer fails to do so, an event of default may occur under the Notes, which could give the Trustee and the holders of the Notes the right to declare the Notes immediately due and payable. However, the repatriation of proceeds following acceleration of the Notes and enforcement may require the prior approval of the RBI or the AD Bank, as the case may be, and no assurance can be given as to whether such approval will be given. See also "*Risk Factors – Risks relating to the Notes generally – Approval of the RBI or the AD Bank as the case may be, in accordance with the ECB Master Directions, is required for redemption of Notes prior to their stated maturity, including upon an Event of Default*." In such circumstances, there can be no assurance that the Issuer would have sufficient resources to repay the Notes, in full or at all. Moreover, any claim of the holders of the Notes in a bankruptcy or similar proceeding would be unsecured to the extent that the Issuer has failed to create, perfect and register the security interests in the Collateral securing the Notes, which could limit any recovery holders of the Notes receive in any such proceeding.

Enforcing the rights of Noteholders under the Collateral Documents across multiple jurisdictions and enforcing foreign court judgment on the Issuer in India may prove difficult.

The Notes will be issued and secured by the Issuer which is a company incorporated in India. While the Notes and the Trust Deed will be governed by English law, the security documents will be governed by Indian law. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in England and India. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of a Noteholder's rights. The rights of Noteholders in respect of the Notes and the related security documents will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Noteholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of India may be materially different from, or be in conflict with, those with which Noteholders may be familiar, including in the areas of the rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect the ability of Noteholders to enforce their rights under the Notes and the related security documents in the relevant jurisdictions or limit any amounts that they may receive. Enforcement of security usually takes an inordinately long period of time in India and enforcement may be subject to delays and administrative requirements. The claims and remedies available under Indian law may not be as extensive as those available in other jurisdictions. While any judgment will be made under prevailing Indian laws and regulations, no assurance can be given that the Indian courts will protect the interests of Noteholders in the same manner or to the same extent as would courts in other countries. As a result, it may be difficult for Noteholders to effect service of process, including judgments, on the Issuer or its officers and directors, or to enforce judgments obtained in non-Indian courts against the Issuer or its officers and directors in India.

The decision to enforce the Collateral Security Interest in respect of the Notes may be adverse to the interest of the non-consenting Noteholders.

The Security Trustee is required to take action to enforce the Collateral Security Interest granted as security for the Notes in accordance with the instructions of the Trustee given under and in accordance with the Trust Deed. The right of the Trustee (in its discretion or acting on the instructions of the Noteholders in accordance with the Trust Deed) to instruct the Security Trustee to enforce the relevant security interest is restricted under the Trust Deed. If an Event of Default occurs under the Notes, the Noteholders of the relevant series of Notes, through an Extraordinary Resolution or by written request made by the holders of a minimum of 25 per cent. in aggregate nominal amount of that series of the Notes, may decide whether to take any enforcement action and may thereafter, through the Trustee in accordance with the Trust Deed, instruct the Security Trustee to take enforcement action against the Collateral Security Interest upon occurrence of certain events. By virtue of the instructions given to the Security Trustee described above, enforcement action may be taken with respect to the Collateral Security Interest that may be adverse to other holders of the Notes who did not vote for or make a written request in favour of enforcement. In such event, the only remedy available to holders of the Notes would be to sue for payment under the Notes.

Risks related to the Structure of a Particular Issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. To the extent Notes have an optional redemption feature, the Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse floating rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have a lower market value than other Notes.

Fixed/Floating Rate Notes are notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this may affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium.

Market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Third Parties.

The Issuer may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes and the ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by these other third parties, including the performance by the Agents of their respective obligations. While the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders. The Issuer's obligation to pay additional amounts in respect of any withholding taxes is subject to limitations; the Issuer will not be required to pay additional amounts with respect to U.S. or FATCA withholding taxes. The Issuer's obligations to pay additional amounts in respect of any withholding taxes is subject to certain limitations described in Condition 9.

Risks Relating to the Market Generally

The secondary market generally.

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such Notes for an indefinite period of time or until their maturity.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risks.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

The market value of the Notes may fluctuate.

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer generally. Adverse economic developments, acts of war and health hazards in countries in which the Issuer operates could have a material adverse effect on the Issuer's operations, operating results, business, financial position, and performance.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. If developments similar to the sub-prime mortgage crisis in 2008 occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Credit ratings may not reflect all risks.

The Programme expected to be assigned a rating of "BB-" and "BB-" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Fitch Inc. ("**Fitch**"), respectively. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Risks relating to an Investment in Synthetic INR Notes

Synthetic INR Notes are subject to exchange rate risks and exchange controls.

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for INR. Under the RBI's policies, the RBI may intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. Interventions by the RBI have taken the form of transparent measures and have included clearly delineated periods and amounts involved, as well as the explanations for these actions. The RBI's foreign exchange policy objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the INR and protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

The Synthetic INR Notes that may be issued under the Programme are denominated in INR but settled in U.S. dollars. Investors in the Synthetic INR Notes are required to pay the issue price for their Synthetic INR Notes in U.S. dollars at the prevailing exchange rate between INR and the U.S. dollar as at the pricing date of the U.S. dollar-denominated Notes. This entails risks which are not associated with a similar investment in a U.S. dollar denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and U.S. dollars if such currency risk is unhedged and the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control.

Recently, exchange rates have been volatile and such volatility is expected in the near future as well, so the risk pertaining to exchange rate fluctuation persists. However, the recent fluctuations in exchange rates are not indicative in nature.

The U.S. dollar return on the Synthetic INR Notes, or yield to maturity, will depend on the principal amount, the coupon and the premium converted into U.S. dollars at the prevailing exchange rate at the time of the relevant payments. Any volatility of the exchange rate between INR and the U.S. dollar during the term of the Synthetic INR Notes will affect the return on the Synthetic INR Notes in U.S. dollars. In particular, any devaluation of INR against the U.S. dollar during the term of the Synthetic INR Notes will decrease the U.S. dollar return on the Synthetic INR Notes and will result in the yield to maturity of the Synthetic INR Notes in U.S. dollars being less than the stated yield to maturity thereof, which is calculated in INR. In the event of a material devaluation of INR against the U.S. dollar, Noteholders may not receive the full U.S. dollar amounts upon maturity or redemption of the Synthetic INR Notes. Rates of exchange between U.S. dollars and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends.

Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and U.S. dollars.

Although substantially all of the Issuer's revenues are denominated in INR, it is required to settle all amounts due under the Synthetic INR Notes (including principal, premium, if any, as well as the interest and redemption payments) in U.S. dollars at the prevailing exchange rate between INR and the U.S. dollar at the time of payment. Furthermore, the Issuer's revenues are denominated in INR. Depreciation of INR against the U.S. dollar could adversely affect the U.S. dollar value of the Issuer's earnings and its ability to satisfy its obligations under the Synthetic INR Notes.

The convertibility of a currency such as the Indian Rupee is dependent, among other things, on international and domestic political and economic factors, and on measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Synthetic INR Notes as well as any amount which may be payable upon redemption of the Synthetic INR Notes.

Furthermore, overseas investors are eligible to hedge the above-mentioned exchange rate risk only by way of permitted derivative products with (i) AD Category – I banks in India; (ii) offshore branches or subsidiaries of Indian banks; or (iii) branches of foreign banks having a presence in India.

Notes denominated in INR or any other currency as may be applicable are subject to selling restrictions and may be transferred only to a limited pool of investors.

Notes denominated in INR or any other currency as may be applicable can only be issued to, and held by, investors who meet the Eligibility Requirements, being: (i) non-resident investors from jurisdictions that are FATF or IOSCO compliant (as defined below); and (ii) non-resident investors who are multilateral and regional financial institutions where India is a member country, which satisfy all other conditions set out in respect of eligible investors under the ECB Guidelines. While overseas branches and subsidiaries of banks incorporated in India are permitted to purchase, and hold, Notes issued in foreign currency, they are not permitted to purchase or hold Synthetic INR Notes in any manner whatsoever, save and except as underwriters or arrangers or market makers or traders.

Jurisdictions which are FATF compliant are jurisdictions who are a member of the FATF or a member of a FATF-Style Regional Body and which jurisdiction has not been identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. Jurisdictions which are IOSCO compliant are jurisdictions whose securities market regulator is a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the SEBI for information sharing arrangements.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's capitalisation and indebtedness as at 30 September 2019 on a consolidated basis. The following should be read in conjunction with the Reviewed Interim Financial Statements and the related notes thereto included in this Offering Circular.

Except as otherwise disclosed below, there has been no material change in the Issuer's capitalisation and indebtedness since 30 September 2019.

	As at 30 September 2019
	(Rs. millions)
Particulars	
Debt Securities	56,578.82
Deposits	0.10
Subordinated Debt	1,246.93
Borrowings from Other Debt Securities	125,635.80
Total (A)	**183,461.65**
Equity share capital	1,686.52
Other Equity	48,869.68
Non-controlling interest	519.00
Total Equity (B)	**51,075.20**
Total (A+B)	**234,536.85**

USE OF PROCEEDS

The proceeds from each issue of Notes will be used by the Issuer for onward lending, general corporate purposes, refinancing and other activities (in accordance with the approvals granted by the RBI from time to time in relation and in accordance with the ECB Guidelines and other applicable laws). If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

INDUSTRY OVERVIEW

*Unless stated otherwise, the information in this section has been obtained or derived from the report titled "NBFC Report 2019" dated 25 November 2019 prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL**" and such report the "**CRISIL Report**"), as well as other industry sources and government publications. All financial data forming part of the industry and market data cited as part of "Industry Overview", is derived from the CRISIL Report and as well as other industry sources and government publications. Such information has not been independently verified by the Issuer, the Arranger or the dealers, or any of their respective affiliates or advisers. The Issuer does not have any actual knowledge of any material misstatement contained in this section.*

Industry sources and publications generally state that the information contained therein has been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Industry publications are prepared based on information as at specific dates or for specific periods and may no longer be current or reflect current trends. Further, the data or statistics used in industry publications may have been reclassified, may be approximations or may use rounded numbers. Accordingly, such information should therefore be regarded as indicative only and be treated with appropriate caution, and investment decisions should not be based on such information. Investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors.

The CRISIL Report contains the following disclaimer:

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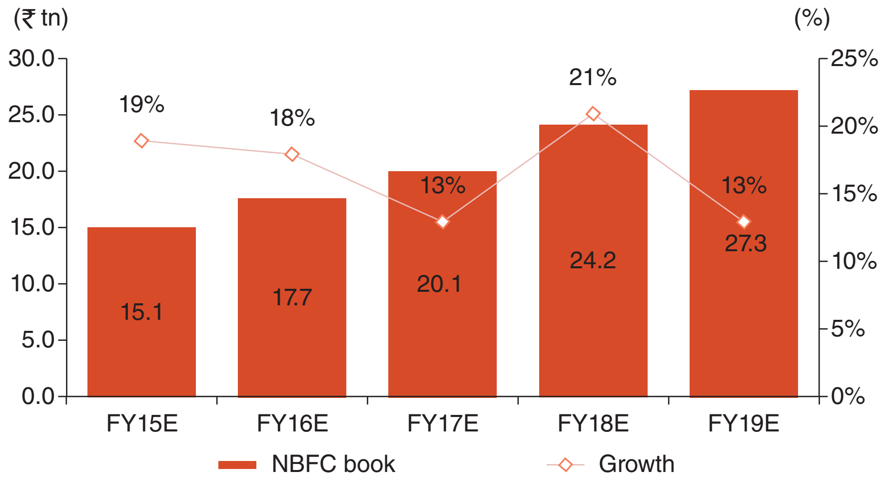
Overall NBFC: Summary

Non-banks' strong growth hits a bump in the second half of fiscal 2019

NBFCs' loan book witnessed a growth of 17 per cent. CAGR from fiscal 2014 to fiscal 2019, amounting to Rs. 27.30 trillion. NBFCs grew at a strong pace in the first half of fiscal 2019, up ~17 per cent. on-year. However, the default of IL&FS in mid-September 2018 created a panic, and investor/lender confidence in funding NBFCs declined. Further, with the tight liquidity conditions and higher risk perception to the sector, raising funds remains challenging. This led to a sharp slowdown in their growth in the second half of fiscal 2019.

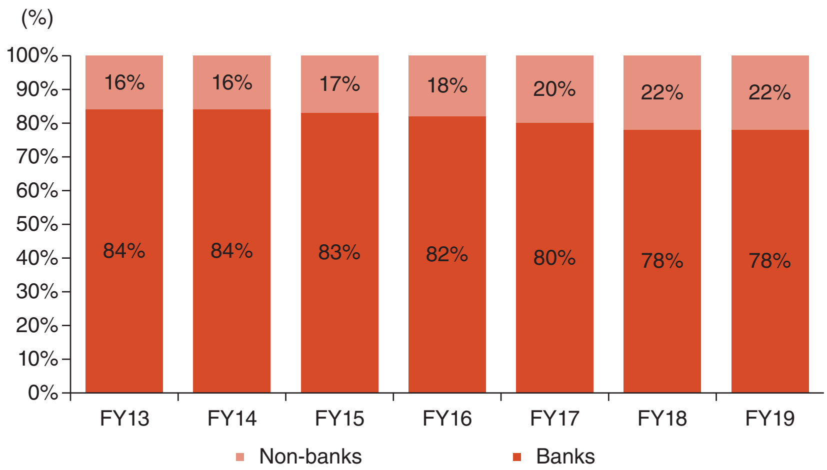
Non-banks' loan book as of March 2019 stood at ~Rs. 27 trillion



Source: RBI, NHB, MFin, CRISIL Research

Non-banks have become an important catalyst in the credit market of India increasing its share for the past several years. However, due to slower growth in fiscal 2019, non-banks just managed to maintain their share of credit against banks. Growth in fiscal 2019 came majorly in the first half, where non-banks' growth was 7.8 per cent. After the crisis in September 2018 non-banks registered growth of 4.7 per cent. the second half of fiscal 2019. Slower growth in outstanding book was also attributed by portfolio securitisation by non-banks.

Share of non-banks have increased significantly over the years



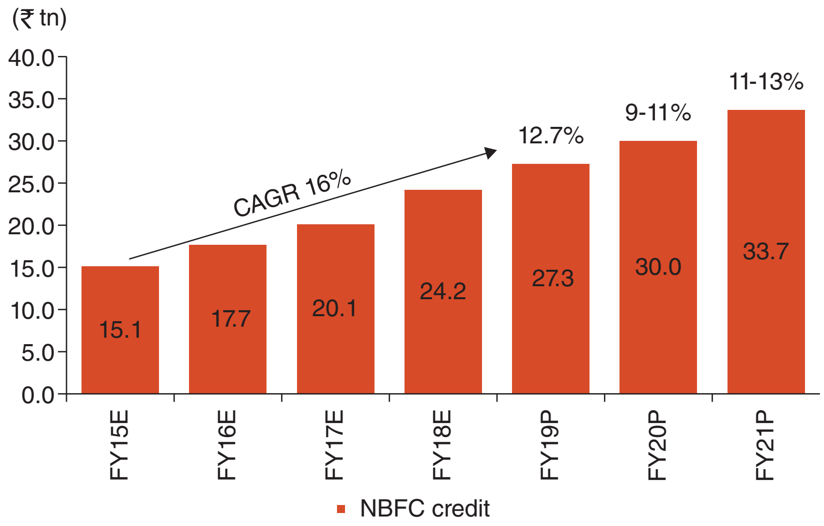
Source: RBI, NHB, MFin, CRISIL Res

Bank credit growth to outpace NBFCs in fiscal 2020

For fiscal 2019, NBFCs loan book grew 13.1 per cent. year-on-year registering lowest growth in past five fiscals. CRISIL Research believes that, due to liquidity squeeze and further slowdown in the economy, credit growth of non-banks will come down to ~9-11 per cent. in fiscal 2020. In fiscal 2021, we expect NBFCs to witness a slightly higher growth of ~11-13 per cent., taking the overall NBFC market size to Rs. 33 trillion.

Meanwhile, banks have partly made up for slower growth of NBFCs. Non-banks continue to witness higher growth compared with banks until fiscal 2018. In fiscal 2019, banks and non-banks posted similar growth. However, CRISIL Research expects banks to clock higher growth in fiscal 2020, outpacing non-banks growth.

NBFC growth to slow down over FY21



Source: RBI, NHB, MFin, CRISIL Research

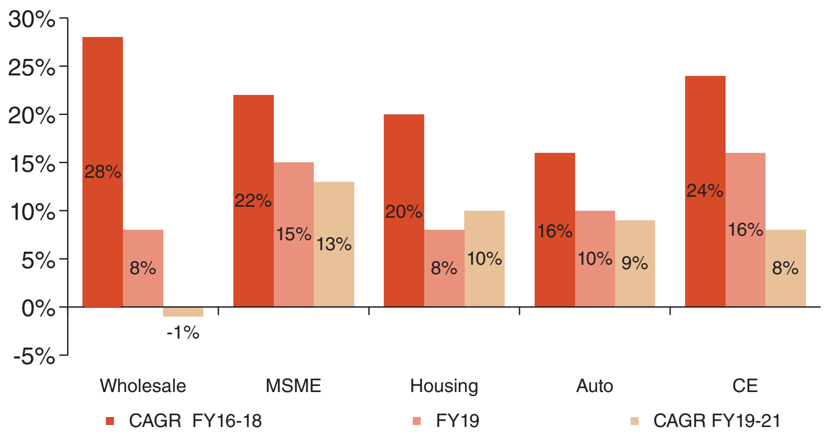
Segmental analysis

Wholesale finance growth to take a big hit; retail segments are expected to witness early recovery

Pursuant to fund-access issue started in the second half of fiscal 2019, growth across the segments in fiscal 2019 came down. Slower growth in the loan book of some of the retail segment is also attributed by increased amount of securitisation in asset-based retail segments. As fund access remains tight for relatively riskier segments, growth is expected to remain slow in fiscal 2020.

CRISIL Research expects growth in wholesale, MSME and construction equipment to remain impacted over the next two years. However, retail segments such as housing may witness early recovery, as the fund-access situation may improve gradually. The key segment of auto loans will depend on economic recovery and revival of fortunes of passenger vehicle industry.

Segments impacted most due to tight access to funds



Note:

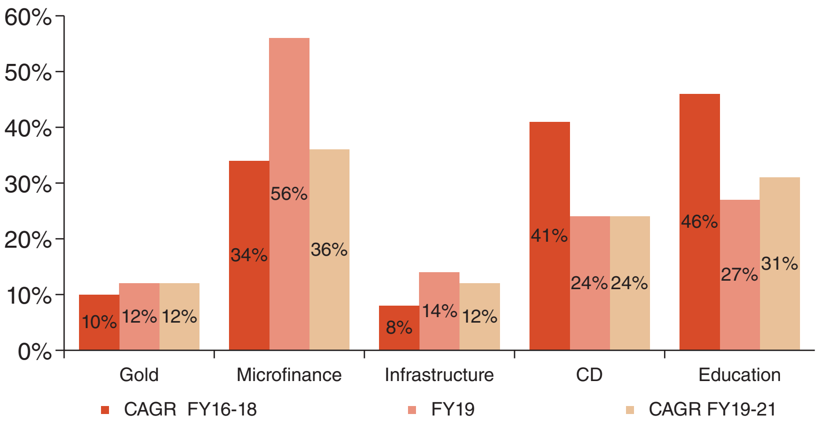
CE Construction Equipment Finance

Source: RBI, NHB, MFIN, CRISIL Research

However, some of the segments' growth was not affected meaningfully in fiscal 2019. This was mainly due to the underline business dynamics of the segment and relatively easy access of funds to major players in the segment. The major players in these segments are better off in terms of parentage and access to funds.

CRISIL Research expects retail segments such as gold, microfinance and consumer durables will continue to witness strong growth.

Segments not impacted due to tight access of funds



Note:

CD Consumer Durables Finance

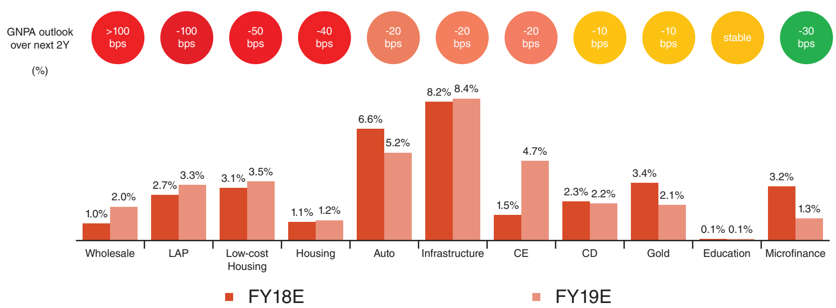
Source: RBI, NHB, MFIN, CRISIL Research

Asset quality to remain under pressure for most segments

Pursuant to lower growth and increasing delinquencies, gross non-performing assets (GNPAs) of non-banks deteriorated across segments except gold and microfinance in fiscal 2019. Slowdown of business in a slower economic growth environment is expected to increase delinquencies. Some of the segments, where high growth was witnessed earlier, may have seasoning of portfolio.

CRISIL Research expects asset-quality deterioration to be most under wholesale and LAP segments, due to chunky portfolio and tight funding conditions. Housing and Auto segments are also expected to witness asset-quality hit on the backdrop of underline business outlook.

NPAs to remain high amid a challenging economic environment

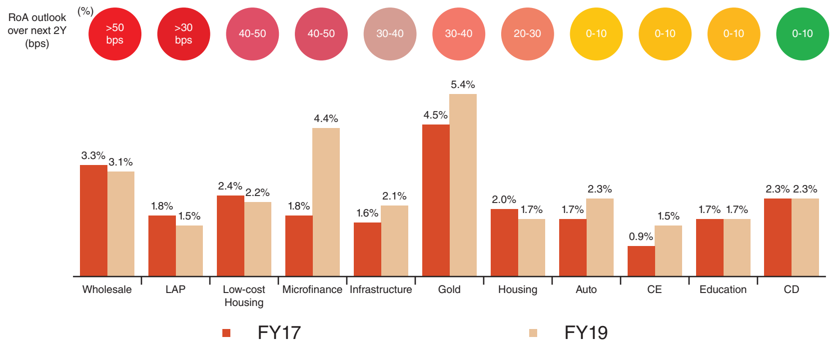


Source: CRISIL Research

Profitability of non-banks deteriorated sharply in fiscal 2019; lower ROAs likely to be the new normal

Most NBFCs, except gold-and auto-loan segments, witnessed a drop of profitability in fiscal 2019. Lower return on assets (ROAs) was majorly affected by increased cost of borrowings. Limited access to funds kept the cost of funds elevated for non-banks in fiscal 2019. With the increase in the cost of borrowing and intense competition, most segments witnessed margin compression in fiscal 2019. The ability to pass on higher cost of borrowing and asset quality would be the deciding factor for RoAs. CRISIL Research expects the profitability of non-banks to narrow 30-40 bps over next two years.

Non Banks to witness lower ROA going ahead



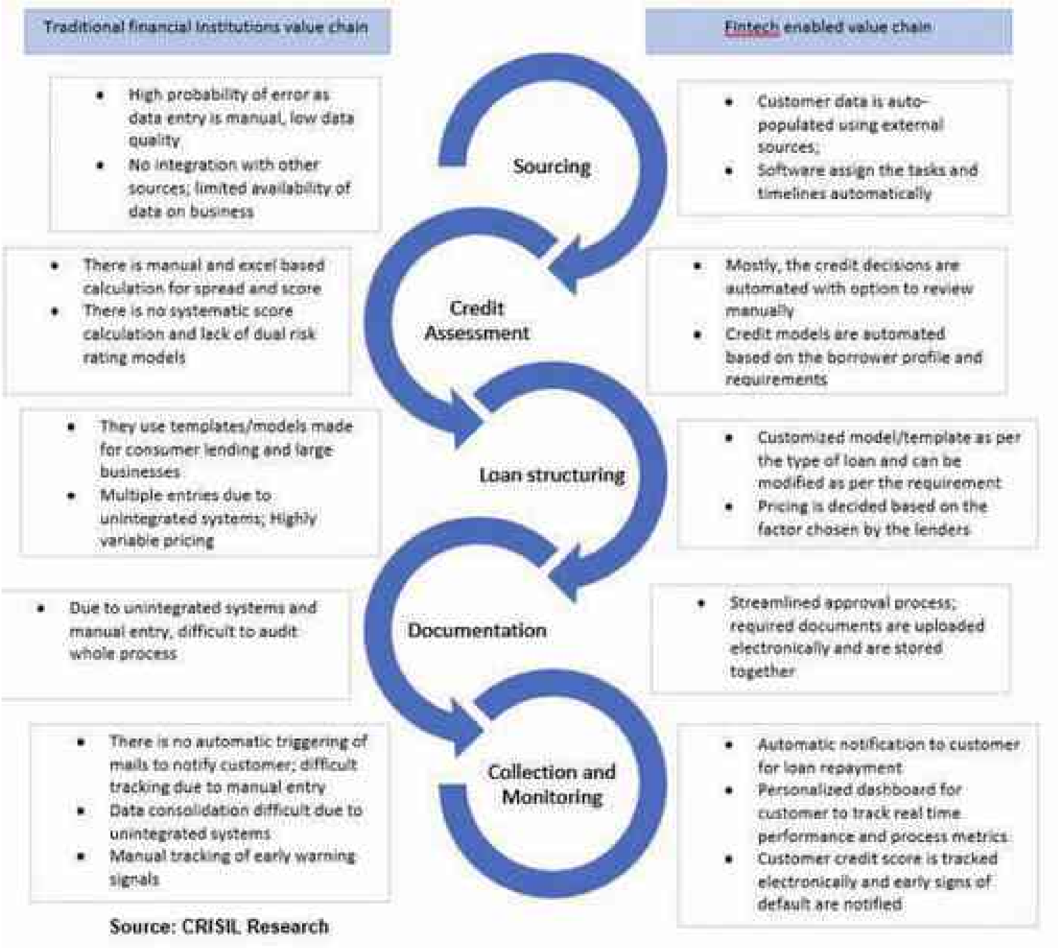
Source: *CRISIL Research*

Fintech and digital segments are increasingly playing an important role in retail lending

Innovation in the fintech has rapidly changed the lending space in the past 2-3 years by leveraging the data available from credit bureaus, asset-reconstruction companies, Goods and Services Tax (GST) network, Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) and Registrar of Companies (ROC). With the advancement of technology, the gap between fintech companies and financial institutions is slowly disappearing. Alternative lending includes marketplace platforms, peer-to-peer (P2P) lending and digital-lending platforms targeting specific needs of customers and MSME businesses that are underserved by financial institutions. Alternative lending also caters to specific market segments such as e-merchants and internet-enabled businesses. The alternative lending fintech model enables highly efficient customer onboarding and servicing within lighter regulatory environment. In contrast, most traditional financial institutions operating model includes branch banking, stringent regulatory environment, collections and recovery of loan book. One of the major trends in the alternative lending business is API (application programming interface) banking. API banking enables third-party providers to develop solutions that can be integrated easily with banking platforms. This integration helps in maintaining confidentiality and data security along with providing complete support to fintech firms in reinventing consumer services.

In the past few years, alternative lending firms have been servicing customers, who are outside the purview of banks risk appetite. The operating model of fintech firms is yet to be tested, as they are yet to complete their full loan cycle. As the industry is growing, fintech firms should take necessary steps to maintain the asset quality and keep NPAs low compared with traditional players. They must prioritise quality over quantity to ensure success of this model.

Impact of fintech on the value chain for retail lending



Gold Finance: Outstanding

Gold outshines other NBFCs: Higher gold prices support growth

The industry's assets under management (AUM) grew at a compounded annual growth rate (CAGR) of 8 per cent. between fiscals 2015 and 2019 to reach Rs. 2,875 billion. Industry registered higher growth (15 per cent.) in fiscal 2019 owing to:

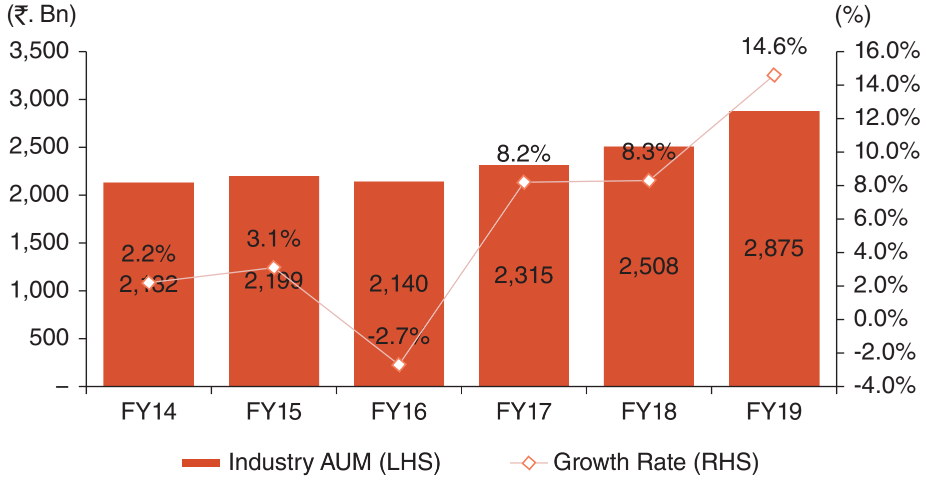
- Rise in gold prices by ~6 per cent. in fiscal 2019.

- Banks higher growth in gold financing in contra to unsecured agri loans in times of distress due to poor monsoon Specialised NBFCs' focus on improving the business per branch as they diversified their regional concentration, undertook aggressive marketing, and witnessed strong growth from non-southern regions.

- Non-specialised NBFCs increased their pie of gold loans, specially post crises, because gold financing is considered to be less riskier and shorter duration of loans have no ALM mismatch.

Going forward, we expect the industry AUM to reach above Rs. 3,100 billion by fiscal 2020, driven by high gold prices, higher geographical penetration, and flexibility offered by players in terms of interest rates and loan tenure.

Gold loans witnessed higher growth in FY19



Note:

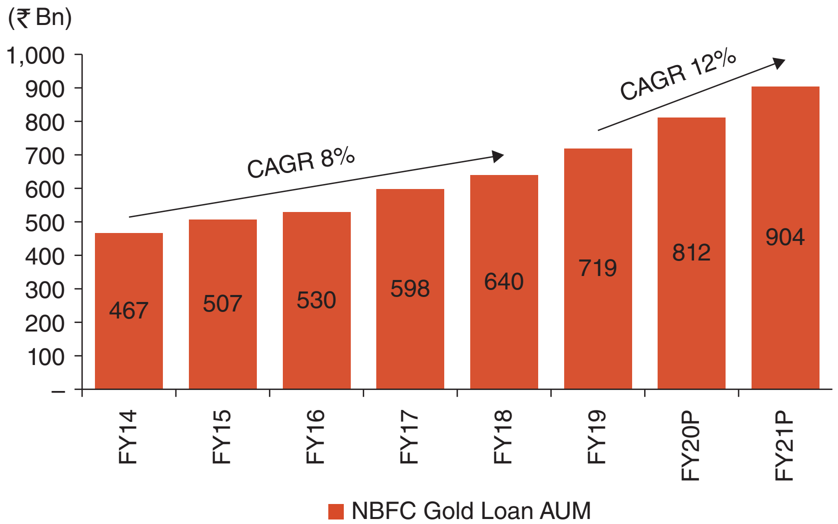
Includes agriculture lending by banks with gold as collateral

Source: Company reports, CRISIL Research

NBFC' AUM to cross Rs. 900 billion by FY21

NBFCs have witnessed slower growth between fiscals 2014 and 2018, as industry stabilised post regulatory changes and relatively stable gold prices. However, lately, NBFCs have found gold as an attractive segment to be in, due to increasing gold prices and relatively secure segment in times of crisis. Owning to higher growth witnessed, NBFC AUM rose to Rs. 719 billion in fiscal 2019.

NBFC AUM to grow faster over next 2 fiscals



Source: CRISIL Research, company reports

Currently, southern India accounts for more than 50 per cent. of the regional demand.

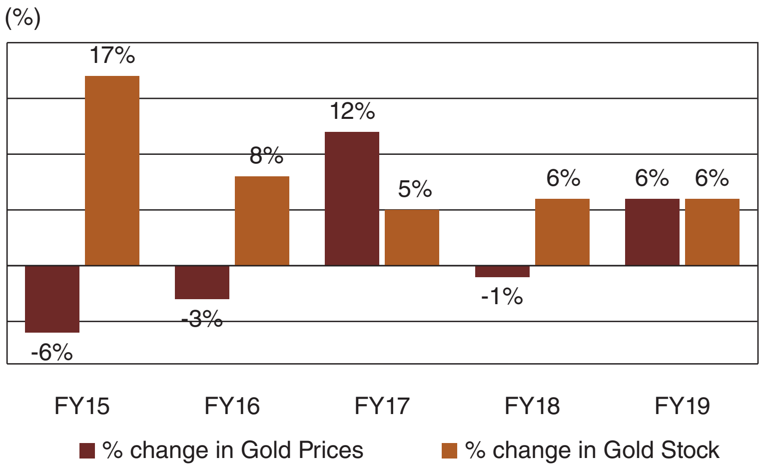
- As these markets saturate, diversification into regional geographies and untapped markets would be key to AUM growth Players marketing initiatives to raise awareness against very high interest rates charged by unorganised players (25-50 per cent. in some cases), especially in rural parts, will further aid growth.

- At the same time, players ability to leverage technology and improve their online gold disbursements could turn out to be a game changer.

- Along with these drivers, funding needs of small businesses, higher gold prices will improve demand for gold loans.

Based on these growth drivers, we expect gold loan NBFCs' AUM to clock 12 per cent. CAGR from fiscals 2019 to 2021 to reach Rs. 904 billion.

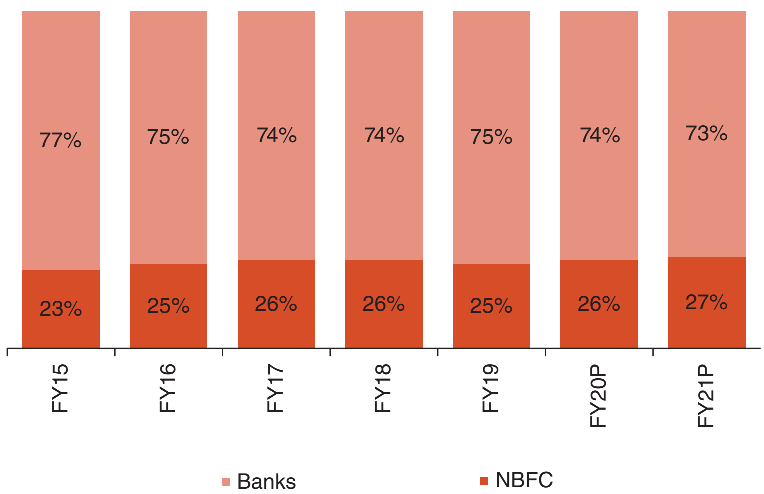
Higher gold prices and increasing gold jewellry stock with NBFCs will drive AUM growth



Source: Company reports, CRISIL Research, World Gold Council, World Bank data

In fiscal 2019, banks marginally improved their market share, but structurally, NBFCs will continue to increase market share.

Share of banks & non-banks in gold financing



Note:

(1) Includes agriculture lending by banks with gold as collateral

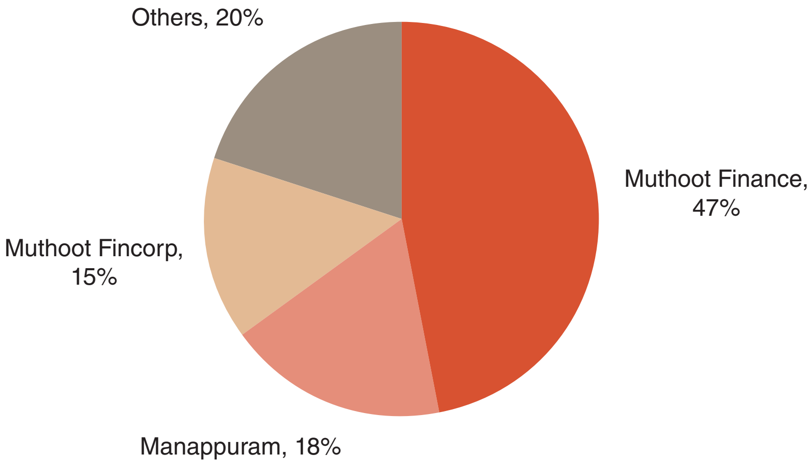
Source: CRISIL Research

Gold Finance: Competitive Positioning

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

- The top three players in the NBFC space account for around 80 per cent. of the overall market pie.
- Muthoot Finance remains the market leader based on its strong network presence.
- Specialised gold loan NBFCs have been able to drive AUM growth based on their focused approach along with the new technological initiatives undertaken by them, allowing customers to transact online with ease.

Market share among gold financing NBFCs



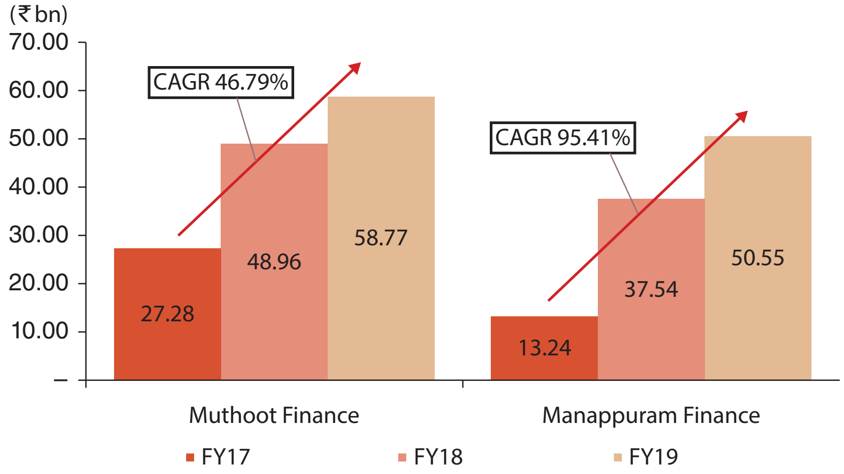
Source: Company reports, CRISIL Research

Role of technology in growth of gold loan market

Online gold loan facility provides finance to borrower at convenience of anytime and anywhere. Borrower once pledge the gold with nearest branch in beginning and afterwords can take and repay loans online as and when required. This hassle-free, paper-less transaction enables NBFCs to scale the business and improve efficiency.

- Technology has led to faster decision making and reduced turnaround time for disbursal. It has reduced human intervention significantly, thereby making the approval, disbursal and repayment processes much faster, simpler and more robust.
- Better compliance to lending regulations such as KYC, efficient tracking of customer accounts, and lowering of operational costs are some of the major benefits realised through the use of technology.
  - Because of these features, the online gold loan book of NBFCs has seen extraordinary growth over the last three fiscals.

Online gold loan AUM growing rapidly

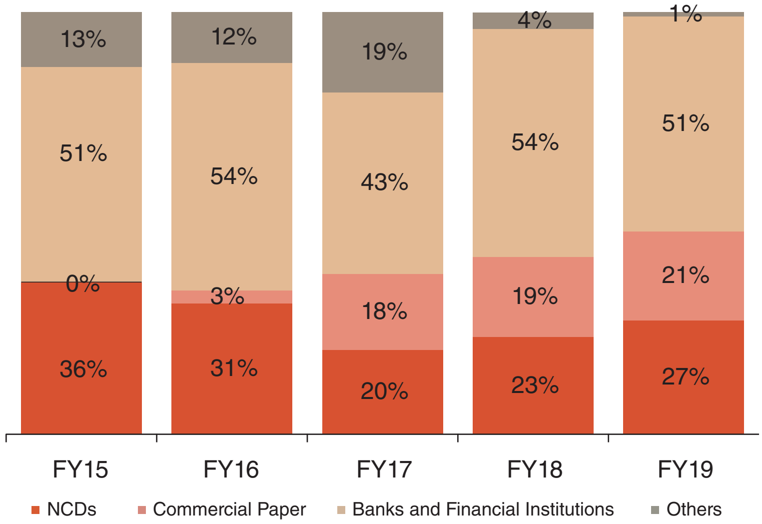


Source: Company reports, CRISIL Research

Market borrowings remain unaffected for gold loan NBFCs

Banks continue to remain the major source of funds for gold loan NBFCs with over 50 per cent. of funding coming from banks, but, unlike for other NBFCs, the share of capital market borrowings increased during fiscal 2019. Last year, when other NBFCs were struggling to raise funds from the market, gold loan NBFCs continued to raise funds through commercial papers and NCDs, though at a slightly higher cost. This is because there is no liquidity concerns with gold loan NBFCs as there is no negative ALM mismatches given the short tenure of loans (average tenure of 4-5 months) compared with other NBFCs, which were borrowing short term and deploying into long-term loans.

Borrowing mix of gold loan NBFCs



Note:

Based on the borrowing mix for Muthoot Finance and Manappuram Finance

Source: Company reports, CRISIL Research

Specialised gold loan NBFCs have carved a niche for themselves

Specialised gold loan NBFCs have witnessed decent growth amongst organised players, driven by the aggressive expansion of branches, heavy spending on marketing and rapid acquisition of customers.

NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Some of their advantages are:

- Less documentation, enabling faster turnaround.

- Adequate systems to ensure quick disbursal. For example, NBFCs have dedicated personnel to value gold jewels at the branches.

- Flexible repayment options, wherein the borrower can pay both the interest and principal at loan closure.

- Greater accessibility due to better penetration, ability to serve non-bankable customers.

- Single product focus on gold loans, enabling them to develop strong appraisal and valuation expertise, resulting in faster and better customer service.

Banks, on the other hand, have a more vigilant approach.

- They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans.

- Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursal.

- Only a few south-based banks – Indian Overseas Bank, Indian Bank and South Indian Bank – have a higher share in non-agricultural gold loan disbursements, given the regions proclivity for gold loans.

Parameter	Gold Loan NBFCs	Banks	Moneylenders
LTV	Up to 75%	Lower LTV than NBFCs	Higher than 75%
Processing Fees	None/Minimal	Higher compared to NBFCs	None
Interest Rate	~18-24% p.a.	~12-15% p.a.	~36-60% p.a.
Penetration	Highly penetrated	Selective branches	Highly penetrated
Mode of Disbursal	Cash/Cheque	Cheque	Cash
Working Hours	Open beyond banking hour	Typical hours	Open beyond banking hours
Regulator	RBI	RBI	Not Regulated
Fixed Office Place	Proper branches	Proper branches	No fixed place
Customer Service	High – Specialised focus	Non-Core	Core focus

Parameter	Gold Loan NBFCs	Banks	Moneylenders
Documentation Required	Minimal	KYC Compliance	Minimal
Repayment Structure	Flexible repayment structure	EMI consists compulsorily of Interest and Principal Pre-payment penalty exists	–
Average Turnaround Time.	10 minutes	1-2 hours	10 minutes

The gold loan market will continue to be attractive because of

1. Strong collateral, higher interest rate, lower cost, better return on investment.

2. Product diversification that compensates for lower off-take of auto, home loans.

3. Scope for cross-selling opportunities in future, including other gold-based products.

4. Opportunity to capture under-penetrated, untapped markets.

For the above-mentioned reasons, even small finance banks have entered the gold loan market and are expected to increase competition in the coming years.

Moreover under-penetration provides substantial potential for growth

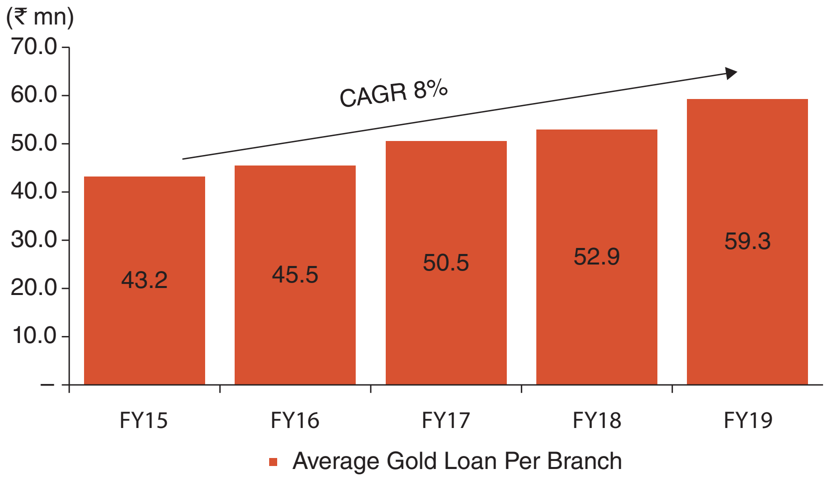
Organised gold loan penetration remains significantly low, which provides ample opportunity for organised financiers loan book growth.

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

Focused approach driving the business received per branch

As NBFCs push for higher operating efficiency, they are concentrating more on improving business per branch. Focused marketing efforts by branch personnel has led to a gradual but continuous increase in the average gold loans given out per branch. For the top two players in the industry, the per branch gold loan outstanding has witnessed a moderate CAGR of over 8 per cent. over the past five fiscals. This limits the fixed costs incurred, thus improving operating leverage and increasing operating profits.

Average gold loans outstanding per branch expected to continue increasing based on increasing penetration



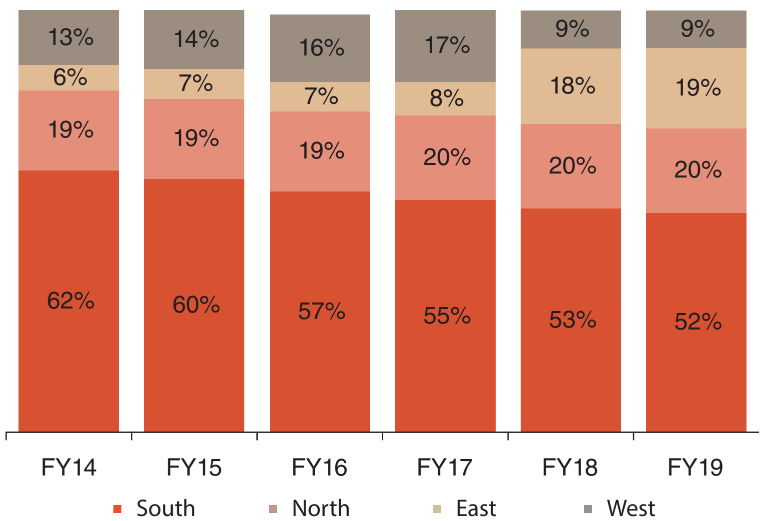
Source: Company reports, CRISIL Research

Gold Finance: Region wise industry dynamics

South India accounts for major share of NBFCs assets under management (AUM)

Even going forward, south India will continue to dominate overall gold loan demand. However, non-south regions are likely to emerge as growth centres, driven by changing consumer perceptions about gold loans on account of increasing awareness as well as rising funding requirements.

Region-wise AUM split for gold loan NBFCs



Notes:

(1) Aggregate includes region-wise AUM split of Muthoot Finance, and Manappuram Finance

(2) Shares are based on AUMs as of FY19

Source: CRISIL Research

Regional gold loan demand

Gold holders in the south are more open to pledging gold to raise funds than those in other Indian regions. Tamil Nadu, Kerala, Andhra Pradesh, Telengana, Karnataka, and Puducherry together accounted for ~ 60 per cent. of AUMs of the top-four gold loan NBFCs, as on 31 March 2019. Although attempts by NBFCs to expand into certain pockets of northern and western India have lowered the share of southern markets, the south still remains a stronghold for NBFC gold loans.

Specialised gold NBFCs are gradually expanding their presence beyond south India. However, they still have to contend with public sentiment against pledging gold. In addition, for the south based NBFCs, earning the trust of borrowers in other geographies is a long and time consuming process.

South-based NBFCs command major market share

Indias top-three gold loan NBFCs are based in the south and controlled ~80 per cent. of the market (in terms of AUMs), as on 31 March 2019.

- They have managed to retain their market share through the years due to their continuous customer focus and penetration into newer territories.
- This is an obvious consequence of a more evolved gold loan market in the South India.

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

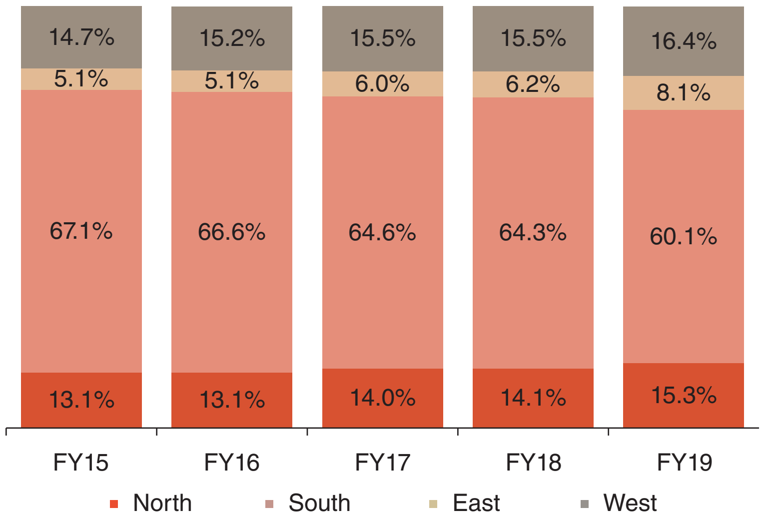
Major players increasing presence beyond south India

Indias top-three gold loan NBFCs are based in the south and controlled ~80 per cent. of the market (in terms of AUMs), as on 31 March 2019. In terms of branches, the south accounts for the major share of gold loan NBFC branches. NBFCs are opening more branches in under-penetrated north and east India in order to improve business and reduce their dependence on the south which is reaching saturation point.

Efforts to diversify the loan portfolio by model changes to de-risk offerings has helped players enormously as demonstrated by their continuously increasing gold loans per branch. Overall, year-on-year, there has been a marginal 0.74 per cent. increase in the overall number of branches as players seek to de-risk their overall loan portfolios.

- There has been an ~5 per cent. increase in the number of branches in the eastern regions by major players, which signifies their intent to diversify from the saturated southern market.
- Major players still have more than 60 per cent. of their overall branches in south India.
- However, share of branches as well as business in south Indian market is expected to fall further in coming fiscals.

Region-wise share of branches



Note:

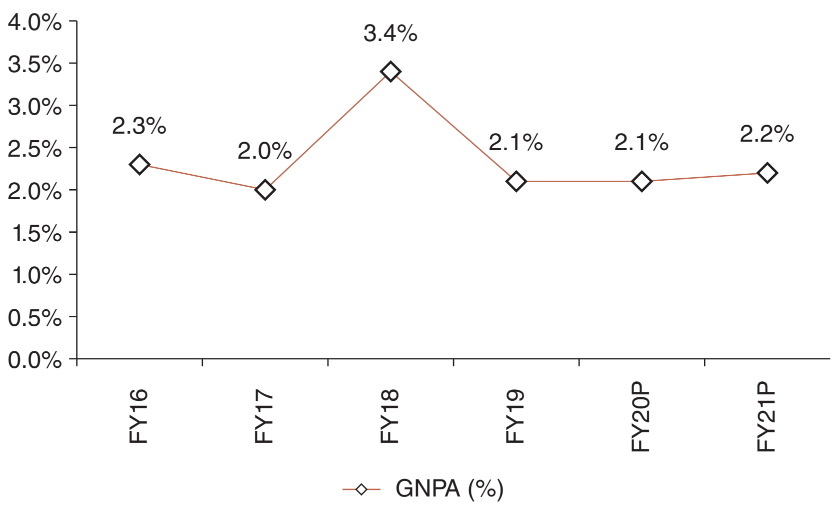
Aggregate includes Muthoot Finance and Manappuram Finance

Source: Company Reports, CRISIL Research

Asset quality to remain stable with waning impact of classification norms

Gold prices posted a healthy recovery in fiscal 2019 with a 5 per cent. rise on-year. A rise in gold prices has historically lowered under-recoveries and improved asset quality. Gross NPAs spiked in fiscal 2018, as the Reserve Bank of India (RBI) changed the NPA recognition norms for NBFCs to 90 days. Credit costs increased due to higher one time provisions. With higher gold prices and stabilisation of regulatory framework, NPA levels normalised in fiscal 2019. Asset quality is expected to remain stable in the near term, based on higher prices and lower delinquencies in the segment. Asset quality has not been a major cause for concern for gold loan companies, since post default the company could auction the gold jewellry underlying to recover the dues.

Asset quality to remain stable going ahead



Note:

Aggregate includes Muthoot Finance, Manappuram Finance.

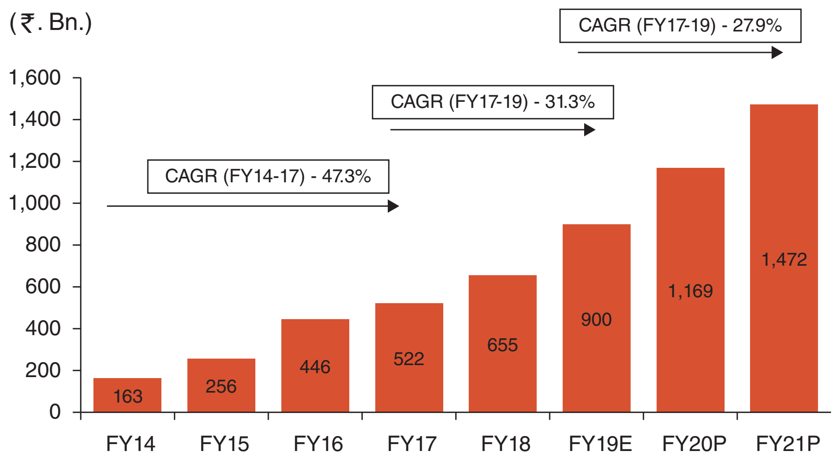
Source: Company reports, CRISIL Research

Microfinance: Outstanding

Microfinance industry unfazed by the liquidity crunch for the NBFC sector post IL&FS crisis

Gross loan portfolio (GLP) of NBFC-MFIs and small finance banks (SFBs) grew at a robust pace of ~37.4 per cent. YoY in fiscal 2019, faster than ~25.6 per cent. YoY growth witnessed in the previous fiscal (2018). Growth was mainly driven by NBFC-MFIs at ~55.8 per cent. YoY in fiscal 2019, through their rapid pace rural penetration, taking share from the unorganised sector (which charges unscrupulous rates) amidst strong domestic loan demand from small borrowers. Small finance banks, on the other hand, have steadily transitioned to other loan product offerings such as auto loans, home loans (including affordable housing loans), MSME loans across other offerings. As a result of this shift away from the traditional microfinance loan segment, SFBs grew at a mere ~15.5 per cent. YoY in fiscal 2019, however, growth remained higher than fiscal 2018 (~3.4 per cent. YoY), as many players settled into the SFB model, and their loan book growth strengthened.

Growth pace remains strong despite headwinds faced by the sector



Note:

GLP includes NBFC-MFIs and all 8 MFI turned SFBs; Bharat Financial Inclusion Ltd, which has merged with IndusInd Bank, is excluded from the analysis; Data excludes values for NBFCs such as L&T Finance and Fullerton

Source: MFIN, CRISIL Research

While SFBs are expected to trim the proportion of microfinance loans in their overall portfolio over the coming fiscals, the transition is expected to be gradual. As a result, their GLP in microfinance is expected to grow at a stable compounded annual growth rate (CAGR) of 14-15 per cent. over the next two fiscals.

Overall GLP growth is expected to be driven by NBFC-MFIs, which are expected to maintain their strong growth trajectory amid flush funding availability from the banking sector and through securitisation. Growth for these players is expected to be supported by strong incremental lending to those customers turned away by SFBs, which are busy strategically aligning their lending portfolios to a multiple loan segment mix.

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

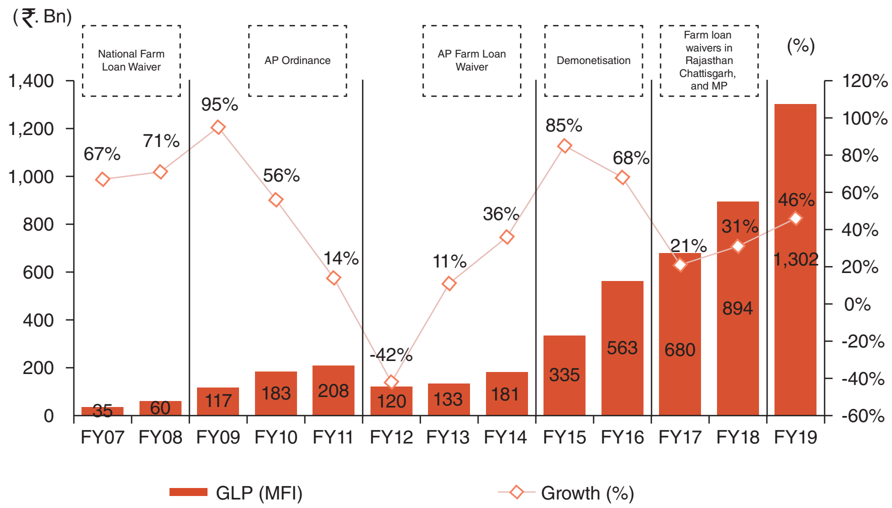
Factors that will define success in the future are:

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

Historical growth and development of the Indian microfinance industry

The industry's growth has been notwithstanding the fact that it was caught in a storm of developments in the past decade national farm loan waivers (2008), the Andhra Pradesh crisis (2010), Andhra Pradesh farm loan waiver (2014), SFB licences issued to eight MFIs (in-principle approval in 2015), demonetisation (2016), and farm loan waiver across some more states (2017). Of these events, the Andhra Pradesh crisis of 2010 had a lasting impact on the industry. Some players had to undertake corporate debt restructuring and found it difficult to sustain their businesses. Since then, however, no other event has affected a complete state to such a degree. While demonetisation of Rs. 500 and Rs. 1,000 denomination banknotes in November 2016 hurt the industry, the impact was nowhere as serious as the Andhra Pradesh crisis and limited to certain districts. Portfolio at risk (PAR) data as of the fourth quarter of fiscal 2018 indicates that the industry is recovering from the aftermath of demonetisation. The collections experience of loan disbursements since January 2017 has been healthy.

Microfinance industry has shown resilience to major shocks over the past decade



Note:

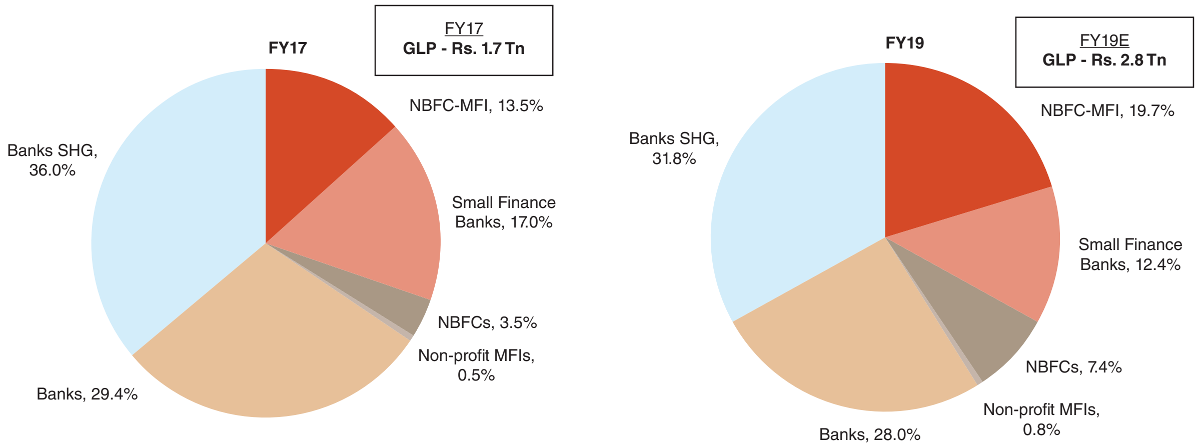
Data includes values for NBFCs, NBFC-MFIs, non-profit MFIs, SFBs, and Bharat Financial Inclusion

Source: CRISIL Research, MFIN

Banks retain highest share through SHG and JLG disbursements, but other players catching up

Banks operate through both joint lending group (JLG) and self-help group (SHG) models, which provide them the operational edge over other players that operate only through the JLG model. Banks also give microfinance loans directly or through business correspondents to meet their priority-sector lending targets. While share of banks in the overall pie (including both models) was strong at ~65.4 per cent. in fiscal 2017, robust growth from NBFC-MFIs, and NBFCs have eaten into their share over the past two fiscals. As of fiscal 2019, they accounted for ~59.8 per cent. of the overall market.

Banks to continue holding pole position in microfinance over the next two fiscals



Note:

Bharat Financial Inclusion is included in "banks" as it has merged with IndusInd Bank

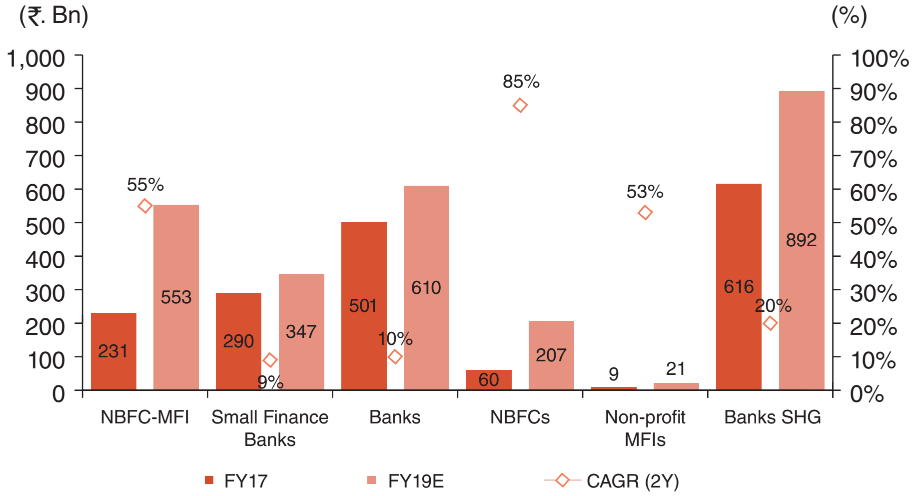
Source: NABARD report on Microfinance FY18, MFIN (March, 2018), CRISIL Research estimates

NBFCs without MFI licence steadily making inroads in microfinance segment

NBFC-MFIs and non-profit MFIs are the only two player groups with loan portfolios exclusively focused on microcredit. In fiscal 2018, SFBs with MFI lending businesses started looking at other asset classes such as affordable housing, SME, and vehicle finance, after receiving the SFB licence.

NBFC-MFIs, NBFCs, and non-profit MFIs have witnessed strong double-digit growth, while SFBs have introduced new product offerings. GLP growth has especially remained strong at ~85 per cent. CAGR between fiscals 2017 and 2019 for NBFCs operating in multiple asset classes (such as L&T Finance and Fullerton) based on higher yields generated in the segment, along with lower ticket size (keeping concentration risk low).

NBFCs and NBFC-MFIs clocked the fastest growth over the past two fiscals



Note:

Data includes Bharat Financial Inclusion in banks

Source: MFIN, CRISIL Research

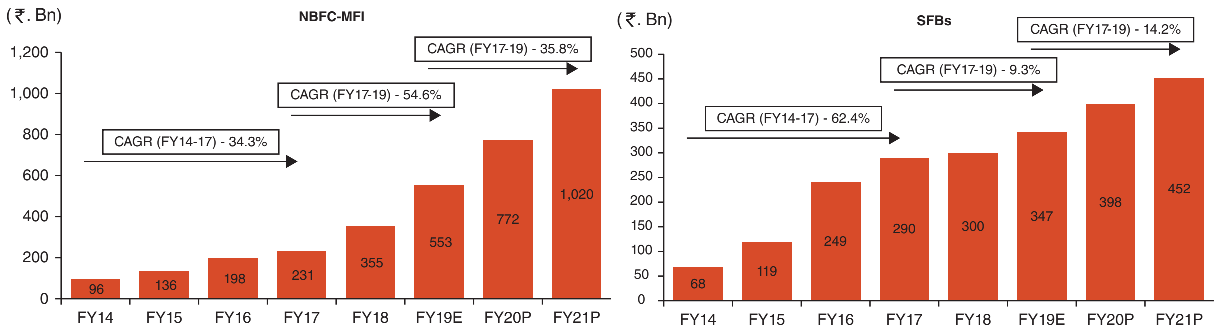
NBFC-MFIs to ride on greater market opportunity; SFBs to maintain slower trajectory

GLP growth remained strong between fiscals 2014 and 2017 for both NBFC-MFIs and SFBs, owing to greater market opportunities, as they expanded their presence in semi-urban and rural markets. However, as of fiscal 2017, eight erstwhile NBFC-MFIs transitioned into full-fledged SFBs, with a more holistic approach towards lending, rather than a specialised focus. As a result, their GLP growth slowed down sharply to ~9.3 per cent. CAGR between fiscals 2017 and 2019, from ~62.4 per cent. CAGR in the previous three fiscals.

Such a sharp slowdown opened up market opportunity for NBFC-MFIs (among other player groups), who cashed in on it. Coupled with strong banking funding avenues, and ease in portfolio securitisation, GLP growth of this category jumped from ~34.3 per cent. CAGR (fiscals 2014 to 2017) to ~54.6 per cent. CAGR (fiscals 2017 to 2019).

This trend is expected to continue going forward, as SFBs maintain a modest growth trajectory over the coming two fiscals and continue bringing a greater proportion of population under the financing umbrella, offering a variety of loan products. We expect SFBs to grow marginally higher at 14.2 per cent. CAGR between fiscals 2019 and 2021. On the other hand, NBFC-MFIs are expected to grow at a robust 35.8 per cent. CAGR, driven by regular funding availability from banking and other financial institutions.

NBFC-MFIs to eat into SFBs' share increasingly



Note:

Projected portfolio for SFBs is only for their microfinance business; Bharat Fnancial Inclusion is excluded in NBFC-MFIs; E: Estimated; P: Projected

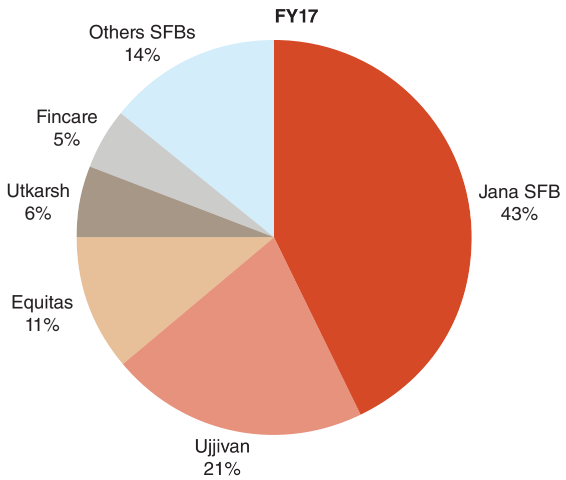
Source: MFIN, CRISIL Research

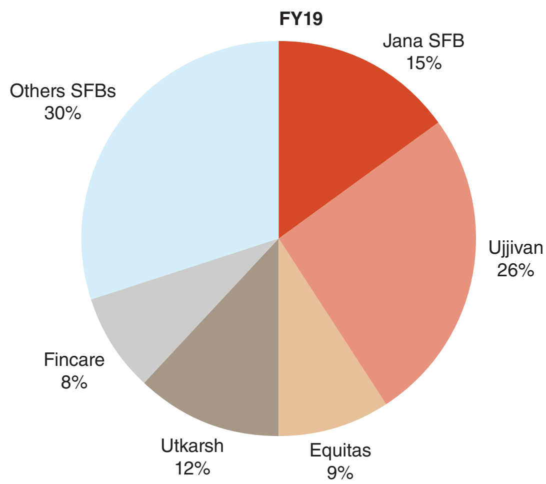
Microfinance: Changing Industry Landscape

Transition to Small Finance Banks for eight erstwhile players leaves market opportunity for MFIs

As of 16 September 2015, RBI had awarded small finance banks (SFB) licences to 10 applicants out of which 8 operated as NBFC-MFIs. These eight players included Janalakshmi Financial Services, Ujjivan, Equitas, RGVN Microfinance, Disha Microfinance, Utkarsh Microfinance, Suryoday Microfinance, ESAF Microfinance, and Fincare Microfinance. Collectively, these players accounted for ~18 per cent. of the overall Joint Lending Group industry (as of fiscal 2019). However, with transition the new business model, and ability to offer other loan products including MSME loans, affordable housing finance, gold loans, CV/non-CV loans and two-wheeler loans, among others, their share in overall microfinance industry is expected to come down further going forward.

Share of SFBs in the JLG pie has reduced to ~18 per cent. in FY19 from ~44 per cent. in FY16





Source: MFIN, CRISIL Research

Details of players with SFB approvals

Small finance Bank	Operation Commencement Date	Registered Office	RoA
Jana SFB	28th March 2018	Bengaluru	-20.3%
UJjivan SFB	1st Feb 2017	Bengaluru	1.8%
Equitas SFB	5th September 2016	Chennai	1.4%
ESAF SFB	10th March 2017	Thrissur	1.5%
Utkarsh SFB.	23rd Jan 2017	Varanasi	1.8%
Suryoday SFB	23rd Jan 2017	Murrbai	2.9%
Fincare SFB	21st July 2017	Ahmedabad	3.2%
North East SFB	17th October 2017	Guw ahati	1.8%

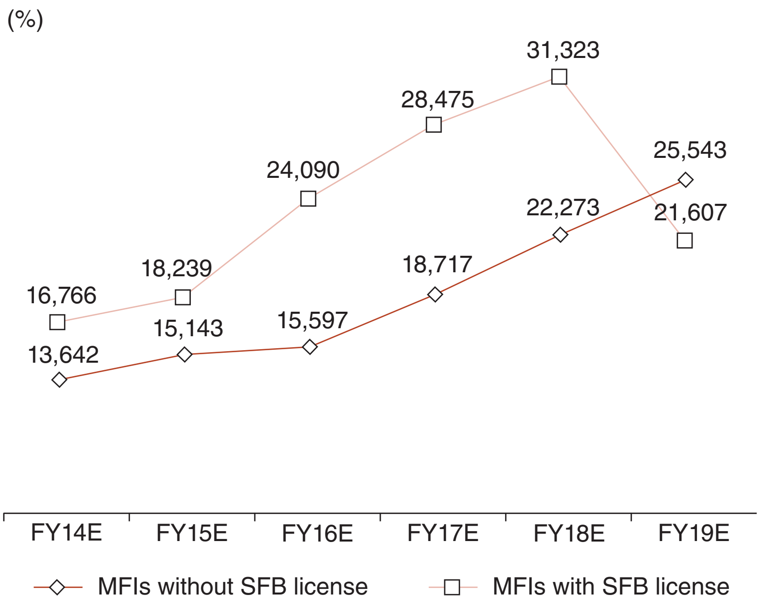
Note:

RoA numbers are as of FY18 for Jana SFB, and North East SFB

Source: Company Reports, CRISIL Research

While both players had been offering higher ticket disbursements over the past fiscals, the same for players with SFB licence came down, as collective proportion of microfinance loans in overall portfolio for these players came down from ~22 per cent. in fiscal 2016, to ~12 per cent. in fiscal 2019, and they shifted towards smaller ticket loans in the recent fiscal.

Microfinance ticket size for MFIs increased steadily in the recent fiscal, while SFBs took to smaller ticket loans



Source: MFIN, CRISIL Research

With ease in funding access through relatively lower cost deposits for small finance banks, these players are expected to increasingly cater to larger segments of population by offering complementary products, while complying with tougher regulations.

- However, competition from banks in raising low-cost deposits would push SFBs towards offering higher rates in order to attract newer customers, which is expected to keep overall funding costs elevated, albeit much lower than that of NBFC-MFIs.

- With SFBs moving towards complementary products, remaining NBFC-MFIs have significant opportunity at capturing market share.

- Having said that, microfinance industry remains sensitive to political interventions, including farm loan waivers, along with policy changes, based on how they cater to masses.

MFIs to continue to gain share in the overall microfinance pie vis-à-vis the banking sector

While NBFCs and NBFC-MFIs have exhibited strong growth over the past fiscals, banks still hold the lions share in overall lending based on their operations through both Self-Help Group (SHG) and Joint Lending Group (JLG) models. Non-banks focus more on JLG model as it is easier to form such groups, and track their performance.

Key metrics with respect to MFI players

	FY15	FY16	FY17	FY18	FY19E
Banks-SHG					
Loans outstanding to SHGs (Rs. Bn)	515	571	616	756	892
Loan outstanding growth (%)	20.0%	10.9%	7.8%	228%	18.0%
Average loan outstanding per client (Rs.)	115,361	122,242	127,016	150,584	177,689
NBFC-MFIs					
Gross loan outstanding (Rs. Bn)	136	198	231	355	553
Gross loan outstanding growth (%)	42.6%	45.3%	169%	53.4%	55.8%
Average loan outstanding per client (Rs.)	11,100	15,063	15,277	17,569	17,583
NBFCs					
Gross loan outstanding (Rs. Bn)	–	42	60	103	207
Gross loan outstanding growth (%)	–	–	41.9%	71.5%	100.1%
Average loan outstanding per client (Rs.)	–	12,881	16,039	17,673	20,228
SFBs					
Gross loan outstanding (Rs. Bn)	119	249	290	300	347
Gross loan outstanding growth (%)	76.3%	108.0%	16.8%	3.4%	15.5%
Average loan outstanding per client (Rs.)	–	13,579	13,911	16,912	19,905

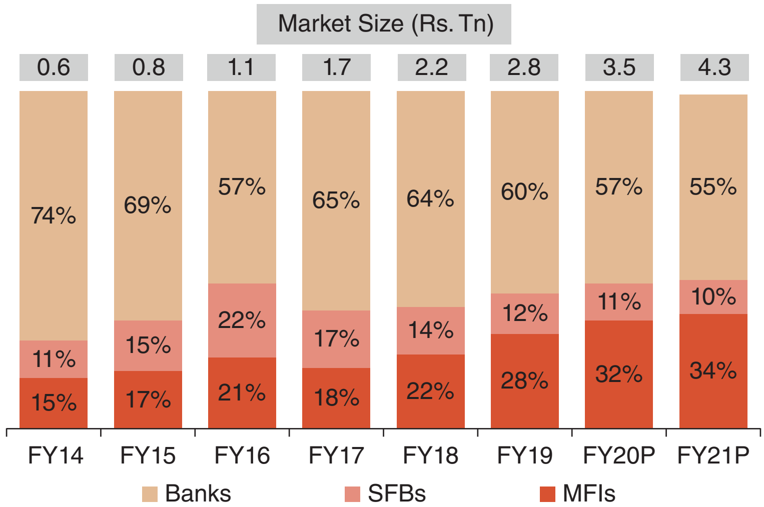
Note:

E – Estimated

Source: Bharat Microfinance Report, MFIN, CRISIL Research

Share of MFIs (NBFC-MFI, NBFCs and non-profit MFIs) has continuously increased in the overall microfinance industry pie (including Bank-SHG numbers), despite large players shifting to newer models, and inherent sensitive nature of the business. With specialised focus in microfinance operations, and greater regulatory clarity in operations, their share in overall pie is set to account for ~34 per cent. of the pie, as SFBs shift over to other loan products.

Share of MFIs in the overall book expected to improve further in next two fiscals



Note:

Banks includes loans given out under both SHG and JLG models; Bharat Finance is included in Banks; MFIs comprise of NBFC-MFIs, NBFCs, and non-profit MFIs

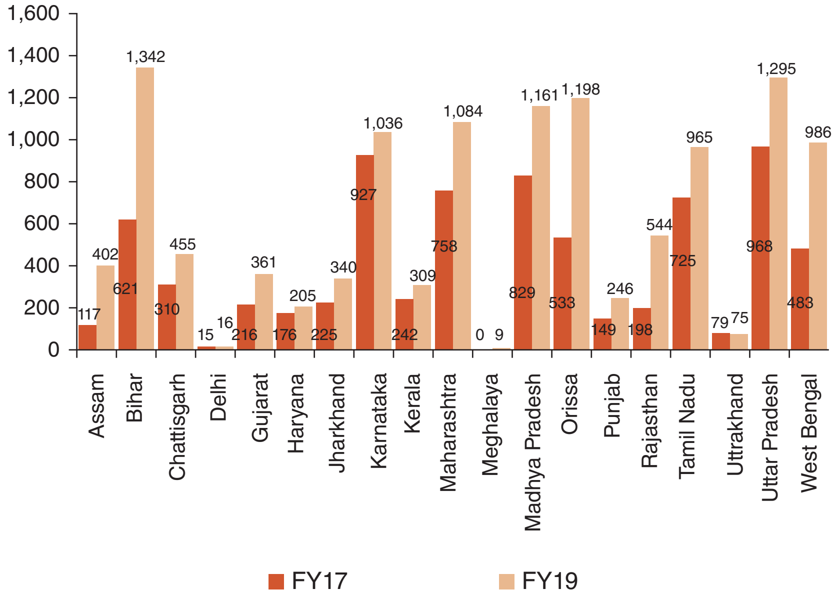
P: Projected

Source: Sadhan Microfinance Report, MFIN, CRISIL Research

Growth pace for NBFC-MFIs remained strong over fiscal 2019

NBFC-MFIs continued to grow at a strong pace in terms of their penetration into the Indian unorganised market in fiscal 2019 as witnessed by a ~29 per cent. growth in the number of branches (higher than ~23 per cent. increase as seen in fiscal 2018). We expect this growth trajectory to remain strong over the coming fiscals, as NBFC-MFIs delve into newer geographies across states to channel overall loan book growth.

Assam saw highest percentage growth in terms of branches over the two fiscals, followed by Rajasthan and Orissa



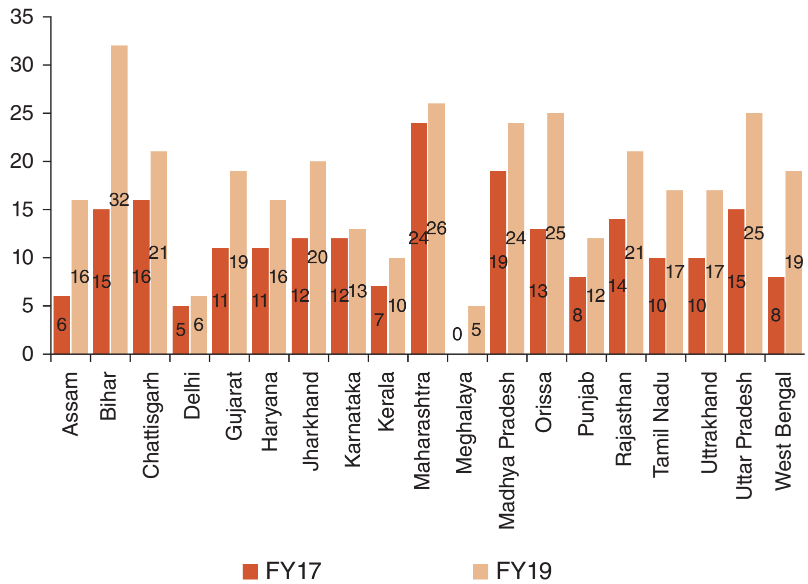
Note:

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

Source: MFIN, CRISIL Research estimates

North-east India remained a bustling destination for NBFC-MFIs with Assam and Meghalaya witnessing ~78 per cent. and ~67 per cent. growth in the number of NBFC-MFIs operating in the space. These two states along with Bihar (~46 per cent.) and West Bengal (~54 per cent.) attracted the highest number of players over the two fiscal period.

Bihar has highest number of players operating in a single state with the number having doubled in the past two fiscals



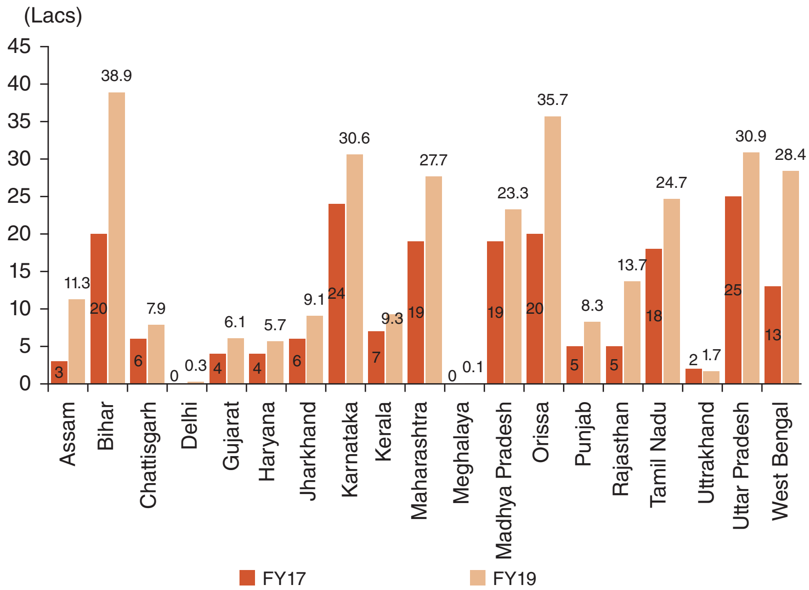
Note:

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

Source: MFIN, CRISIL Research estimates

Increasing penetration into the north-eastern markets by the players led to highest increase in the number of clients over the two fiscal period in states such as Assam, and Meghalaya. While Karnataka used to be the top state in terms of number of clients in fiscal 2017, ~46 per cent. growth in the number of existing players, and ~47 per cent. increase in the number of branches saw Bihar take the top spot in fiscal 2019.

NBFC-MFIs retained their interest in north eastern markets in fiscal 2019



Note:

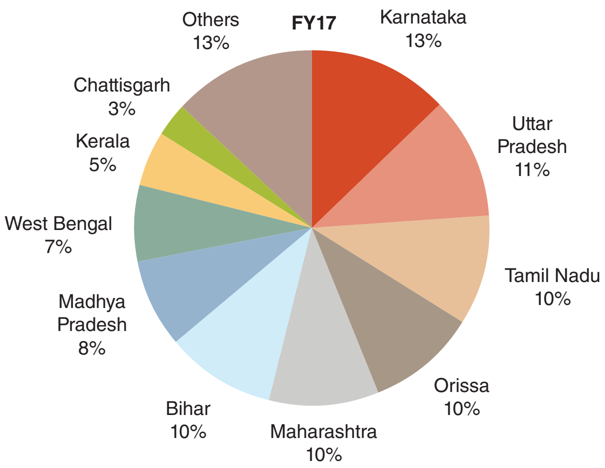
The data for each state includes the data for NBFC MFIs; SFBs are excluded from the graphs

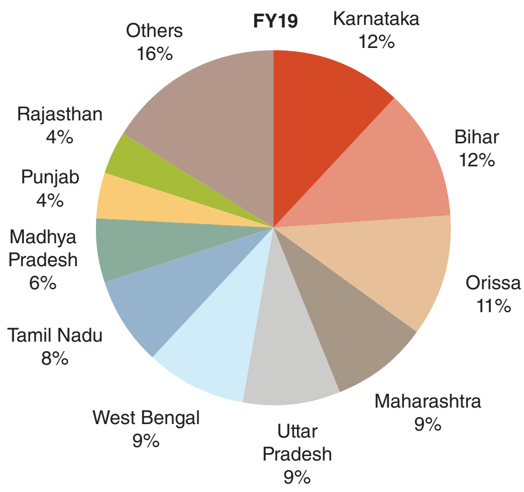
Source: MFIN, CRISIL Research estimates

Remaining states grew at marginally faster pace as compared to top 10 states over the two fiscal period

Karnataka retained the top spot in overall gross loan portfolio as of fiscal 2019, with Bihar, Orissa, Maharashtra, and Uttar Pradesh, being the top 5 states in terms of overall NBFC-MFI gross loan portfolio. Over the past two fiscal period, Assam grew at the fastest pace at a CAGR of ~150 per cent., while both Delhi (~101 per cent.) and Rajasthan (~100 per cent.) more than doubled their book.

Tamil Nadu saw relatively moderate growth which made it slip behind UP, West Bengal, and Maharashtra in overall GLP





Note:

Data only for NBFC MFIs

Source: MFIN, CRISIL Research

While growth for top 10 states clocked in at ~48 per cent. in fiscal 2019, remaining states grew at a faster pace ~56 per cent.) based on a low base and increasing penetration from NBFC-MFIs into newer geographies. Relatively underpenetrated states such as Assam, Gujarat, Haryana, and Jharkhand drove growth over the two-fiscal periods and are expected to do the same over the coming two fiscals based on strong interest from the players, amidst strong loan demand.

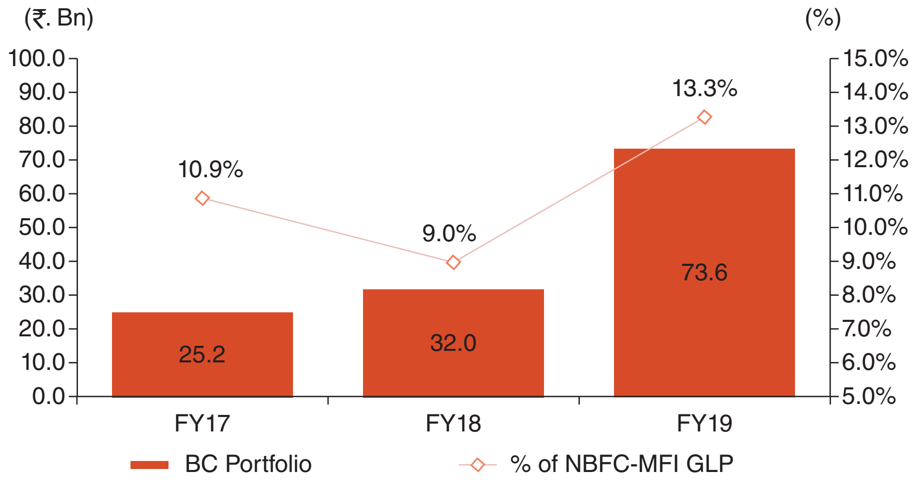
NABARD continues to refinance MFIs to encourage lending in rural areas

NABARD is the main facilitator and mentor of microfinance initiatives in the country, with a focus on rural areas. It assists eligible NBFC-MFIs and SFBs by providing them with long-term refinance support. NBFC-MFIs having continuous profit during the last three years and grading up to mfR2 (mfR3 in north eastern states and hilly areas) by CRISIL or equivalent are eligible for refinance, subject to the fulfilling of other conditions. During 2018, refinancing to the tune of ~Rs. 139.55 billion was disbursed to 19 MFIs.

Growth in business correspondents portfolio remains strong for NBFC-MFIs

As transactions through BCs have increased for banks due to lower operating costs, NBFC-MFIs are playing an important role as BCs in micro-lending. A low base, along with entry of new players into the segment, has resulted in good growth numbers. The BC portfolio comprises 30-40 per cent. of the overall off-balance sheet portfolio of NBFC-MFIs as of end fiscal 2019.

Share of BC originated portfolios increased significantly in fiscal 2019



Source: MFIN, CRISIL Research

BC portfolio growth of NBFC-MFIs to remain strong

Over the next two fiscals, we expect growth in BC portfolio of MFI industry to be muted on account of exclusion of SFB portfolio, to book business on their books to fulfil their priority sector lending (PSL) targets. However, NBFC-MFIs might witness healthy growth as overall banking credit growth recovers, the MFI industry stabilises and competition from SFBs reduces. Micro-lending through BCs has attracted banks, as it offers several benefits such as:

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

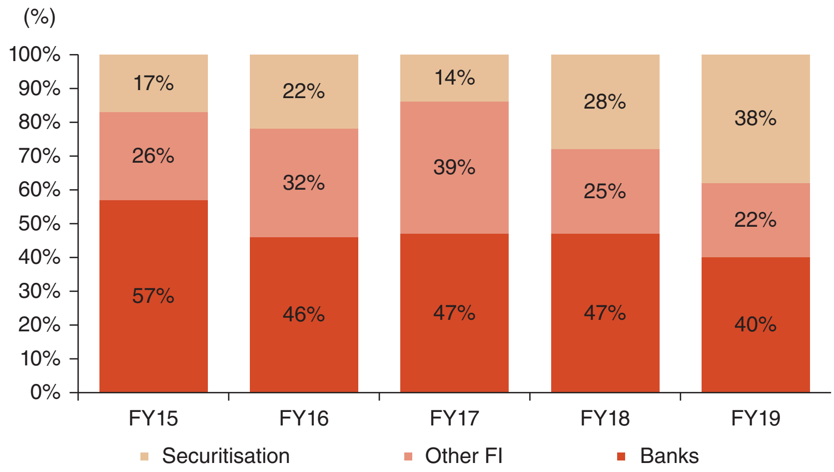
Securitisation volumes rose to nearly 5-year high as funding from banks for smaller players remained elusive

Implementation of RBI guidelines following the Andhra Pradesh ordinance helped improve overall risk perception towards the microfinance sector. Also, decline in bank credit following the crisis in Andhra Pradesh prompted several large MFIs to tap the securitisation route. Further, securitisation has helped bring down funding costs.

However, slowdown in growth of MFIs, increased risk perception on account of demonetisation, slower bank credit growth (banks invest in securities to fulfil their priority sector requirements) and conversion of some large players into SFBs had reduced the overall share of securitisation to 14 per cent. in FY17. In 18, share of securitisation rebounded forming around 28 per cent. of funding mix of MFIs.

- In fiscal 2019, however, with the liquidity squeeze, funding from banking sources remained elusive for smaller NBFC-MFIs (~12 per cent. of overall debt funding), and for mid-size NBFC-MFIs (~21 per cent. of overall debt funding), and these players resorted to portfolio sell-outs to channel growth, based on which securitisation volumes reached nearly five-year highs.

Bank loans and securitisation comprise majority of the NBFC-MFI funding mix



Source: MFIN, CRISIL Research

Asset quality remains unfazed despite farm loan waiver announcements in three states

Portfolio at risk (PAR) is the primary indicator of risk for the sector, and it equals the percentage of loans overdue. PAR value increased sharply in FY17 due to non-availability of cash and slowdown in business activities of individuals after demonetisation. However, MFIs invested heavily in educating borrowers and helping them exchange old notes which improved borrowing efficiency.

As a result of their borrower awareness initiatives, PAR (value above 90 days) has improved consistently despite farm loan waiver announcement by three state governments namely Rajasthan, Chattisgarh, and Madhya Pradesh. Based on these initiatives, Portfolio-at-risk (PAR) is slated to come down further, back to pre-demonetisation levels as the industry credit discipline recovers further over the coming fiscals.

However, we do note that implementation of Fresh Start Guidelines could put a damper on the overall credit discipline. Under these guidelines, small borrowers unable to repay loan amount up to Rs. 35,000, can file their inability to repay the loan under the new IBC personal insolvency guidelines (if approved), which would in turn, be waived off. As per industry interactions, implementation of such guidelines could put a stress on the borrower repayment discipline, and affect overall asset quality in the segment.

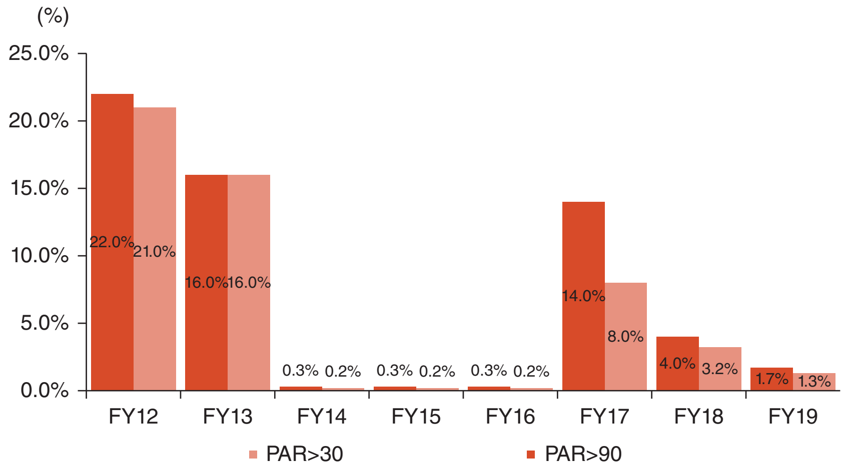
Implementation of RBI guidelines on lending and greater co-operation amongst MFI players in sharing data with credit bureaus partly limit the risk of over-leveraging of borrowers. The credit bureau data presently does not capture loans availed of by borrowers through SHG-BLP and on-book lending by banks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

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

Also, the latest norm requiring customers to provide their Aadhaar number to avail of loans from MFIs will help address the issue of over-indebtedness and provide a mechanism to reduce the risk of default as customer tracking will be easier.

However, it is imperative for MFIs to continuously ramp up investments in people, processes, and systems to manage risks and maintain asset quality.

PAR 30 and PAR 90 improving as the effects of demonetisation subside; expected to improve further



Source: MFIN, CRISIL Research

Digitalisation to bring down costs, improve efficiency and profitability for MFIs

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

- To improve efficiency, many MFIs have provided tablets to their loan officers.
- This has made life easier for the loan officers, who were earlier required to visit branches in the morning to get the demand and disbursement sheet printed, and again in the evening to update data.
- Digitalisation is also helping the microfinance institutions in monitoring the already disbursed loans as the data on each borrower is available in the digital form and can be accessed easily.
- Paperwork has reduced with the use of tablets; entries are made in real time as and when the disbursement happens or repayment is made.
- Also, data entry errors have been reduced to a large extent. This has helped in a better understanding of the business, reduced costs and improved productivity.

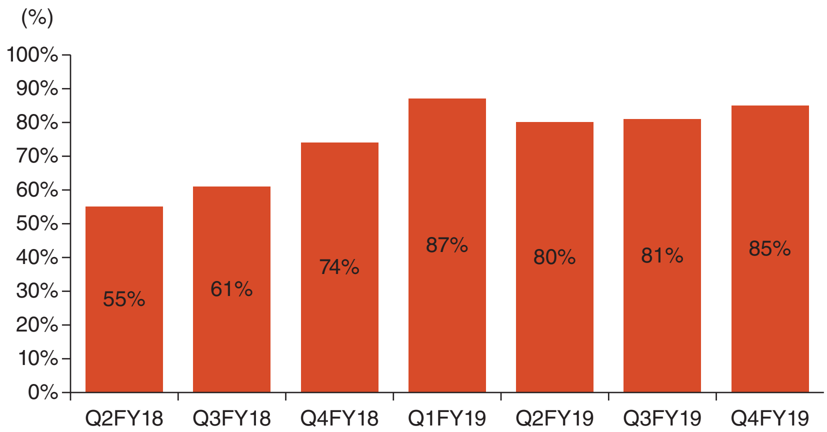
Direct update of information on the core platform also helps in better servicing of customers by usage of customer relationship management applications, which help in the handling of customers over their credit life cycles.

- It also helps in targeted marketing, cross-selling of products, and product customisation. e-KYC and biometric scanners do away with the requirement for physical documents and help lower turnaround time.
- With numerous banking accounts opened through the Jan-Dhan Yojana and launch of other avenues like mobile wallets for transfer of funds, MFIs have started disbursing loans directly into the accounts of customers and also accepting repayments through electronic means, reducing cash requirements and resulting in cost savings.

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

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

Cashless disbursements high at ~80-85 per cent. over the past three quarters



Note:

Above data is as per MFIN Micrometre (March, 2019) excludes SFBs. Data for Satin, Share and CreditAccess is not included in the analysis.

Source: MFIN, CRISIL Research

BUSINESS

Overview

The Issuer is one of the major NBFC players in the gold finance business in India (*Source: CRISIL Report*) and provides loans against the pledge of household and/or used gold jewellery and short-term personal and business gold loans ("**Gold Loans**") primarily to retail customers who require immediate availability of funds, but who do not have access to formal credit on an immediate basis. The Issuer's Gold Loans portfolio as of 30 September 2019 comprised 2.59 million customers aggregating a principal amount of INR151,683.37 million in Gold Loans. As at 30 September 2019, the Issuer's Gold loan portfolio accounted for 66.91 per cent. of the Issuer's total loans on a consolidated basis (including Securitised and Direct Assignment portfolio). The other segments of the Issuer's business such as microfinance loans, vehicle and equipment finance, on-lending and others, and home loan finance accounted for 20.79 per cent., 5.81 per cent., 3.96 per cent, 2.52 per cent respectively of the Issuer's total loans on a consolidated basis (including Securitised and Direct Assignment portfolio) as of 30 September 2019.

As of 30 September 2019, the Issuer disbursed Gold Loans to its customers from a widespread network of 3,464 branches on a standalone basis in 22 states and 6 union territories of India, including around 2,235 branches in the southern states of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Pondicherry and Andaman and Nicobar Island. As of 30 September 2019, the Issuer had 4,491 branches on a consolidated basis across 22 states and 6 union territories in India.

The Issuer is headquartered in the southern Indian state of Kerala. The Issuer commenced operations from Valapad, Thrissur, Kerala and has decades of established history in the money lending business, mainly in small-scale money lending against household and/or used gold jewellery. The Issuer has been in the gold loan financing business since 1992. The Issuer also provides other related services, including asset finance, money transfer and foreign exchange and business and personal lending.

The Issuer's lending functions are supported by an in-house, custom developed information technology platform that allows the Issuer to, among other things, record relevant customer details, approve and disburse the loan. The Issuer's technology platform also handles internal audit, risk monitoring and management of the relevant loan and pledged gold related information. The Issuer's employees undergo periodic training related to evaluation of the worth and authenticity of the gold that is pledged with the Issuer.

The Issuer has developed various Gold Loan schemes which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the quantum of the loan, to meet different needs of various customers. The Gold Loan customers are largely individuals from rural, semi-urban areas and metro cities, including, Mumbai, Delhi, Chennai and Bengaluru, who typically require funds for social obligations, emergencies, agriculture-related activities, small scale business operations or consumption purposes. As of 30 September 2019, Gold Loans in urban areas, semi-urban areas, rural areas, metro regions were 35 per cent., 32 per cent., 11 per cent. and 22 per cent., respectively of the Gold Loan AUM.

The Issuer believes that its focus on non-organised sections of society and its faster turn-around time, longer business hours at its branches as compared to banks, and the convenience offered through its various online services, are among the factors which distinguish it from banks. Loan amounts advanced by the Issuer are generally in the range of INR1,000 to INR10.00 million per loan transaction, and typically remain outstanding for an average tenor of two months. In the Fiscal Year ended 31 March 2019, the majority of the Issuer's Gold Loans had a tenure of 3 months with the option for extension of the term. The Issuer's Gold Loans portfolio yield (representing interest income on Gold Loans as a percentage of average outstanding (average of opening balance as at 31 March 2018 and closing balance as at 31 March 2019) of Gold Loans), was, on an average, 25.34 per cent. and the average loan ticket size was around INR35,307.00 as at 30 September 2019.

In the Fiscal Years 2017, 2018, 2019 and the six months ended 30 September 2019, the Issuer's consolidated total revenue was INR34,089.16 million, INR34,765.56 million, INR41,788.36 million and INR25,187.79 million, respectively, and the consolidated profit for the year for same periods was INR7,558.48 million, INR6,708.94 million, INR9,294.85 million and INR6,798.71 million, respectively.

In the Fiscal Years 2017, 2018, 2019 and the six-months ended 30 September 2019, interest income from the Gold Loan business on a consolidated basis constituted 85.52 per cent., 79.90 per cent., 74.87 per cent. and 69.91 per cent., respectively, of the Issuer's total revenue. As of 31 March 2017, 2018, 2019 and as of 30 September 2019, the Issuer's portfolio of Gold Loans under management in principal amount on a consolidated basis was INR111,245.34 million, INR117,349.82 million, 129,615.16 million and INR151,683.37 million, respectively. Further, approximately 61.05 tons, 63.98 tons, 67.51 tons and 72.03 tons, respectively, of gold jewellery was held by the Issuer as security for the Gold Loans as of 31 March 2017, 2018, 2019 and as of 30 September 2019 on a consolidated basis.

In addition to Gold Loans, the other business verticals of the Issuer include vehicle and equipment finance business, payments business, SME business and fee-based services, including forex and money transfers. Further, the Issuer has also expanded into other business verticals such as microfinance business through its subsidiary Asirvad, housing finance business through its Subsidiary MHFL, insurance broking through its Subsidiary MAIBRO, and information technology ("**IT**") consultancy and supply through its Subsidiary MACOM.

The Issuer has demonstrated consistent growth in its other businesses. From 31 March 2017 to 30 September 2019, the Issuer's loan portfolio for its other businesses on a standalone basis such as the microfinance business in Asirvad and the housing finance business at MHFL grew at a CAGR of 27.33 per cent. and 47.24 per cent. respectively. Further, in the Fiscal Years 2017, 2018, 2019 and the six-months ended 30 September 2019, interest income from other businesses excluding income from bank and other deposits and Gold Loans constituted 11.59 per cent., 15.89 per cent., 20.59 per cent. and 24.30 per cent. respectively, of the Issuer's total revenue on a consolidated basis.

Key Operational and Financial Parameters

Set out below are certain of the Issuer's key operational and financial metrics (on a consolidated basis) as at and for the six-months ended 30 September 2019 and 30 September 2018 and as at and for the years ended 31 March 2019 and 31 March 2018, derived from its Ind AS Financial Statements.

Particulars	As at and for the six-months ended 30 September		As at and for the years ended 31 March	
	2019	2018	2019	2018
	(Consolidated, except where otherwise indicated)		*(Consolidated, except where otherwise indicated)*	
	(₹ million, except percentages)			
Average interest-earning assets	210,542.13	165,149.74	176,018.66	147,143.69
Average interest-bearing liabilities	168,207.40	133,208.47	139,511.91	117,968.84
Total income from interest-earning assets	23,978.48	19,367.69	40,228.43	33,684.48
Total revenue from operations	24,609.73	19,502.57	41,163.18	34,207.61
Finance cost	8,048.90	6,116.38	13,194.40	10,304.47
Net interest income	15,929.59	13,251.31	27,034.03	23,380.01
Net Profit after tax and not including other comprehensive income	6,737.01	4,204.28	9,224.10	6,771.90
Yield on average interest-bearing assets %	22.78%	23.45%	22.85%	22.89%
Cost of borrowings %[(1)]	9.57%	9.18%	9.46%	8.73%
Cost of funds %[(1)]	10.79%	10.65%	10.89%	10.31%
Spread %[(1)]	13.21%	14.27%	13.40%	14.16%
NIM %[(1)]	11.99%	12.80%	11.96%	12.59%
Cost to income ratio %	47.40%	52.57%	51.20%	59.07%
Dividend payout ratio %	16.60%	25.37%	23.68%	29.93%
Opex to average total assets ratio %[(1)]	7.02%	7.87%	7.64%	8.82%
Average shareholders equity	47,901.37	39,622.96	41,689.45	35,882.55
ROE (Net profit to average shareholders equity)[(1)]	28.13%	21.22%	22.13%	18.87%
ROA (Net profit to average total assets)[(1)]	6.02%	4.70%	4.92%	4.23%
Average shareholders' equity as % of average total assets	21.42%	22.17%	22.24%	22.42%
CRAR	21.91%	25.76%	23.65%	26.98%
Debt to equity ratio	3.63	3.41	3.38	3.31
Stage 3 asset net of Stage 3 provision	2,644.51	7,029.76	4,978.23	1,738.06
Stage 3 asset net of Stage 3 provision as a percentage of net loan assets as per Ind AS %	1.52%	5.05%	3.32%	1.35%

(1) Presented on an annualised basis as at and for the six-months ended 30 September 2018 and 30 September 2019.

Notes:

(1) Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, expressed as a percentage.

(2) Cost of borrowings is the ratio of interest expense for the period to average interest-bearing liabilities, expressed as a percentage.

(3) Cost of funds is the ratio of interest expense and dividend payout to the average total funds of the issuer (being the equity share capital & interest bearing liabilities), expressed as a percentage.

(4) Spread is the difference between yield on average interest-earning assets and cost of borrowings.

(5) NIM is the difference between yield on average interest-earning assets and cost of funds.

(6) Cost to income ratio refers to the ratio of total operating expenses (including employee benefits expenses, other operating expense, depreciation and amortisation, fee and commission expense and impairment of financial assets) to the net income (revenue from operations less finance costs).

(7) Dividend payout ratio refers to ratio of total dividend for the year (including dividend distribution tax) to profits after tax attributable to the equity shareholders of the Company.

(8) Opex to average total assets ratio refers to the ratio of total operating expenses to average total assets.

(9) Average shareholders' equity represents the simple average of shareholders' equity excluding minority interest as at the beginning and the end of the relevant period.

(10) Return on Equity is calculated as Net Profit for the period divided by average shareholders' equity, expressed as a percentage.

(11) Return on Assets is calculated as Net Profit for the period divided by average total assets for the period, expressed as a percentage.

(12) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(13) This figure is presented on a standalone basis.

(14) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(15) Net Profit means Net Profit after tax attributable to the equity shareholders of the Company.

(16) Average total assets represent the simple average of total assets as at the beginning and the end of the relevant period.

Set out below is a summary of the Issuer's key operational and financial metrics of the Issuer as at and for the years ended 31 March 2018 and 31 March 2017 (on a consolidated basis), derived from its Indian GAAP Financial Statements.

Particulars	**As at and for the year ended 31 March**	
	2018	**2017**
	(Consolidated, except where otherwise indicated) *(₹ million, except percentages)*	
Average interest-earning assets	147,013.17	125,623.66
Average interest-bearing liabilities	117,911.93	103,120.28
Total income from interest-earning assets	33,821.82	33,762.45
Finance cost	10,276.64	11,687.05
Net interest income	23,545.18	22,075.40
Average total assets	161,924.07	139,956.64
Net Profit	6,684.08	7,558.48
Yield on average interest-bearing assets %(1)	23.01%	26.88%
Cost of borrowings %(2)	8.72%	11.33%
Cost of funds %(3)	10.29%	9.30%
Spread %(4)	14.29%	15.54%
NIM %(5)*	12.72%	17.57%
Cost to income ratio %(6)	59.77%	43.73%
Dividend payout ratio %(7)	30.32%	20.10%
Opex to average total assets ratio %(8)	8.84%	6.90%
Average shareholders equity(9)	35,990.00	30,599.16
ROE (Net profit to average shareholders' equity)(10)	18.57%	24.70%
ROA (Net profit to average total assets)(11)	4.13%	5.40%
Average shareholders' equity as% of average total assets	22.23%	21.86%
CRAR(12)(13)	26.98%	26.12%
Debt to equity ratio(14)	3.28	3.27
Gross NPAs/Total loan assets as per Indian GAAP (%)(13)	0.54%	2.02%
Net NPAs/Net loans (%)(13)	0.33%	1.72%
Total provisions as a percentage of gross NPAs (%)(13)	38.48%	15.63%

Non-GAAP Financial Measure Reconciliations

1 Average interest earning liabilities

Particulars	March 31, 2017	March 31, 2016
Long term borrowings	31,224.10	16,000.07
Short term borrowings	62,809.43	67,674.23
Current maturities of long term borrowings	15,827.75	12,704.97
Closing balance	**109,861.28**	**96,379.27**
Opening balance	96,379.27	
Average interest earning liabilities (Opening balance+Closing balance/2)	103,120.28	

2 Net interest income

Particulars	March 31, 2017
Total interest income – (I)	33,762.45
Finance cost – (II)	11,687.05
Net interest income (I)-(II)	22,075.40

3 Average Total Asset

	Rs in mil
Total Assets as at March 31, 2017 (I)	151,521.73
Total Assets as at March 31, 2016 (II)	128,391.54
Average Total Asset (I)+(II)/2	139,956.64

4 Cost of borrowing %

Finance cost – (I)	11,687.05
Average interest earning liabilities (II)	103,120.28
Cost of borrowing% (I/(II)	11.33%

5 Cost to Income Ratio

Particulars	March 31, 2017
Operating Expenses	
Employee benefits	5,025.82
Depreciation and amortization expenses	631.54
Other operating expenses	3,995.42
Total (A)	**9,652.78**
Net Income	
Revenue from operations	33,762.45
Less: Finance Cost	-11,687.05
Net Income (B)	**22,075.40**
Cost to Income Ratio (A/B)	**43.73%**

6 **Dividend Pay-out ratio**

Particulars	March 31, 2017
Interim dividend on equity shares	1,262.56
Tax on interim dividend on equity shares	257.02
Total (A)	**1,519.58**
Profit after Minority Interest as per consolidated financial statements (B)	7,558.48
Pay-out Ratio (A)/(B)	20.10%

7 **Operating Expense ('Opex') to average total Assets ratio**

Particulars	March 31, 2017
Operating Expenses	
Employee benefits	5,025.82
Depreciation and amortization expenses	631.54
Other operating expenses	3,995.42
Total (A)	**9,652.78**
Average Total Assets (B)	**139,956.64**
Opex to average total Assets ratio (A/B)	6.90%

8 **Average Shareholders Equity**

Particulars	March 31, 2017
Shareholders' equity as at March 31, 2017 (I)	33,617.95
Shareholders' equity as at March 31, 2016 (II)	27,580.36
Average Shareholders Equity (I)+(II)/2	30,599.16

9 **Return on Equity (ROE)**

Particulars	March 31, 2017
Net profit (A)	7,558.48
Average Shareholders Equity (B)	30,599.16
ROE (A/B)	24.70%

10 **Return on Assets (ROA)**

Particulars	March 31, 2017
Net profit (A)	7,558.48
Average total Asset (B)	139,956.64
ROA (A/B)	5.40%

11 **Average shareholders' equity as a % of average total assets**

Particulars	March 31, 2017
Average Shareholders Equity (A)	30,599.16
Average total Asset (B)	139,956.64
Average shareholders' equity as a % of average total assets (A/B)	21.86%

12 **Debt Equity Ratio**

Particulars	March 31, 2017
Long term borrowings	31,224.10
Short term borrowings	62,809.43
Current maturities of long term borrowings	15,827.75
Closing balance (A)	**109,861.28**
Equity	
Share Capital	1,683.80
Reserve and surplus	31,934.15
Net Worth (B)	33,617.95
Debt Equity Ratio (A/B)	3.27

13 **Gross Non Performing Assets ('NPA')/TOTAL loan Assets as per Indian GAAP**

Particulars	March 31, 2017
Standard Assets (A)	113,172.11
Sub Standard Assets (B)	2,038.57
Doubtful Assets (C)	195.93
Loss Assets (D)	103.02
Total loan Assets [E= (A+B+C+D)]	115,509.63
Gross NPA [F= (B+C+D)]	2,337.52
Gross NPA/TOTAL loan Assets as per Indian GAAP (F/E)	2.02%

Net Non-Performing Assets ('NPA')/Net Loan

Particulars	March 31, 2017
Sub Standard Assets (A)	204.44
Doubtful Assets (B)	57.82
Loss Assets (C)	103.02
Total loan Assets D= (A+B+C)	365.28
NPA-E	2,337.52
Net NPA (F)=(E)-(D)	1,972.24

Particulars	March 31, 2017
Total loan Asset	115,509.63
Total provision	
Standard assets (G)	453.00
Sub Standard Assets (H)	204.44
Doubtful Assets (I)	57.82
Loss Assets (J)	103.02
Total provision K= (G+H+I+J)	818.28
Net Loan = Total loan less total provision	114,691.35
Net NPA/Net Loan	1.72%

14 **Total Provision as a percentage of NPA**

Particulars	March 31, 2017
Total provision including standard assets (A)	365.28
Gross NPA (B)	2,337.52
Total Provision as a percentage of NPA (C) = (A)/(B)	15.63%

Notes:

(1) Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, expressed as a percentage.

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(3) Cost of funds is the ratio of interest expense and dividend payout to the average total funds of the issuer (being the equity share capital & interest bearing liabilities), expressed as a percentage.

(4) Spread is the difference between yield on average interest-earning assets and cost of borrowings.

(5) NIM is the difference between yield on average interest-earning assets and cost of funds.

(6) Cost to income ratio refers to the ratio of total operating expenses (including employee benefits expenses, other operating expense, depreciation and amortisation) to the net income (revenue from operations less finance costs).

(7) Dividend payout ratio refers to ratio of total dividend for the year (including dividend distribution tax) to profits after tax attributable to the equity shareholders of the Company.

(8) Opex to average total assets ratio refers to the ratio of total operating expenses to average total assets.

(9) Average shareholders' equity represents the simple average of shareholders' equity excluding minority interest as at the beginning and the end of the relevant period.

(10) Return on Equity is calculated as Net Profit for the period divided by average shareholders' equity, expressed as a percentage.

(11) Return on Assets is calculated as Net Profit for the period divided by average total assets for the period, expressed as a percentage.

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(13) This figure is presented on a standalone basis.

(14) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(15) Net Profit means Net Profit after tax attributable to the equity shareholders of the Company.

(16) Average total assets represent the simple average of total assets as at the beginning and the end of the relevant period.

History and background

The Issuer was incorporated as Manappuram General Finance and Leasing Limited on 15 July 1992, in Kerala, India, under the Companies Act, 1956 with corporate identity number L65910KL1992PLC006623 as a public limited company, and obtained a certificate for commencement of business dated 31 July 1992. The name of the Issuer was changed to Manappuram Finance Limited pursuant to a new certificate of incorporation dated 22 June 2011. Further, the Issuer obtained a certificate of registration, dated 25 May 1998, issued by the Reserve Bank of India ("**RBI**") to carry on the activities of a non-banking financial company accepting deposits. However, subsequently, the Issuer obtained a certificate of registration dated 22 March 2011 issued by the RBI to carry on the activities of a non-banking financial company without accepting public deposits. Further, pursuant to change in name of the Issuer, a new certificate of registration dated 4 July 2011, bearing registration number B-16.00029, was issued by the RBI to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act.

Corporate milestones and awards

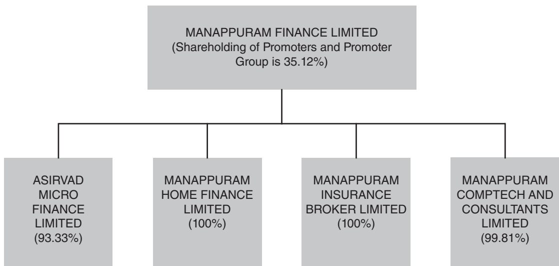
The table below sets forth the key events in the history of the Issuer:

Year	Particulars
1992	The Issuer was incorporated as Manappuram General Finance and Leasing Limited at Thrissur, Kerala
1995	Initial Public Offering
2007	AUM crosses INR50 billion
2011	• The name of the Issuer changed from Manappuram General Finance and Leasing Limited to Manappuram Finance Limited
	• AUM crosses INR75 billion
2012	• AUM crosses INR100 billion • Branch network reaches 2,908
2014	• Pioneers introduction of shorter tenure loans (3 to 9 months) in June 2014 • Diversifies into Home Loans and Commercial Vehicle Finance in September 2014
2015	The Issuer completed 20 years of listing at BSE Limited
2015	The Issuer launched Online Gold Loans facility
2015	Acquires Asirvad Microfinance in February 2015 with AUM of INR3,000 million
2015	The Issuer received special commendation at Golden Peacock Awards for CSR
2015	The Issuer received the Best Gold Loan NBFC award from the Gems & Jewellery Trade Council of India (Ahmedabad)
2016	The Issuer launched Makash e-wallet and co-branded pre-paid money card
2016	100% Acquisition of Manappuram Insurance Brokers
2017	The Issuer won the award for the best NBFC for Gold Loan Business by the India Bullion and Jewellers Association
2019	The Issuer received the NBFC – Excellence in Innovations Award from Dhanam Magazine (Ernakulam)

Year	Particulars
2019	• The Issuer was sanctioned INR5.4 billion as loan by the International Finance Corporation • NABARD provided debt funding of INR 7.70 billion during FY 18-19
2019	• CRISIL upgraded the long-term borrowing rating of the Issuer from CRISIL AA-/Positive to CRISIL AA • Reached 4.3 million live customers, diversified to 22 states and 6 Union Territories with 4,380 branches in March 2019 and 4.7 million live customers and 4,491 branches across 22 States and 6 Union Territories in September 2019

Corporate Structure

The following diagram sets out an overview of the Issuer's group structure as of the date of this Offering Circular:



Competitive Strengths

The Issuer believes that the following are its key strengths:

One of the major players in the gold financing business in India with a long operating history and trusted brand name for gold loans

The Issuer has been engaged in the business of gold loan financing since 1992. The Issuer has, over the years, been successful in establishing the '*Manappuram'* brand name as a trusted brand name for gold loans, as well as expanding its customer base to different geographical locations across India. The Issuer believes that it has created a niche in the Gold Loans market by catering to the expectations of a typical Gold Loan customer. The total number of its Gold Loan customers grew from 2.1 million as of 31 March 2017 to 2.46 million as of 31 March 2019 and to 2.59 million as of 30 September 2019. The Issuer attributes its growth, in part, to its market penetration, particularly in areas less served by organised lending institutions and the efficient and streamlined procedural formalities which its customers need to complete in order to complete a loan transaction with it, which makes the Issuer a preferred mode of finance for its customers. The Issuer also attributes its growth to customer loyalty which in turn leads to repeat business. The Issuer believes that a large portion of its customer base returns to it when they are in need of funds.

Flexible loan schemes, high quality customer service and short response time

The Issuer believes that the growth in its Gold Loans portfolio is partly due to the flexible gold loan schemes such as Swarna Shakthi (GL-SX), Express Gold Loan Plus (GL-XG+), Super Loan Plus (GL-SG+), Samadhan Plus (GL-SA+), Privilege Loan (GL-PL), Business Loan (GL-BL), GL DS, GL SY, GL B1-N, GL B1+N, GL B2+, GL-H3 and GL B4+. Depending on the needs of each customer, the Issuer is able to customise loans for its customers in terms of the loan amount, advance rate per gram of gold and interest rate. The Issuer also allows customers to prepay their loans without any prepayment penalty. Further, the Issuer also provides shorter tenure loans with tenure ranging from three months which can be extended up to 12 months (depending on the customer's requirement), at the discretion of the Issuer, to facilitate lower interest burden on its customers. The loan-to-value ("**LTV**") varies across the various Gold Loan schemes and is dependent on the specific scheme opted for by a customer.

The Issuer's products and services are aligned to the lifestyle and needs of its customers. The Issuer adheres to a strict set of market survey and location guidelines at the time of selecting branch sites to ensure that the branches are set up close to its customers. The Issuer provides its customers with a transparent process and a clean, attractive and secure environment to transact their business, and believes that the staff employed at all its branch locations is professional and attentive. Each of the branches are staffed with customer representatives who possess local knowledge and an understanding of the customers' needs.

In addition, the Issuer strives to complete its Gold Loan transactions within a short time frame, which it believes is an important component in having a competitive edge over other lenders. The Issuer believes that it is able to process Gold Loans within a short time frame as a result of its efficient technology support, skilled workforce and clear policies on internal processes. Although the duration for disbursement may vary due to the loan size and the number of items pledged, the Issuer has the ability to disburse loans within a few minutes from the time gold is tendered to the appraiser.

Furthermore, since the loans are all collateralised by gold jewellery, there are minimal documentary and credit assessment requirements, which also shorten the turnaround time and increases the ease with which the customers can do business with the Issuer. The Issuer believes its high quality customer service and short response time are significant competitive strengths that differentiate its services and products from those provided by other lenders including commercial banks.

Retail focused NBFC with collateral based lending

The Issuer is a retail focused NBFC, with an AUM mix consisting of 96.52 per cent. and 3.48 per cent. retail and wholesale loans respectively as at 30 September 2019. Gold Loans, together with vehicle and housing loans and Onlending are collateral based lending, and these account for 77.82 per cent. of the Issuer's AUM mix (AUM constitutes loan portfolio, securitisation, direct assignment) in total. Accordingly, the majority of the Issuer's loan book is secured on collateral. Gold Loans alone make up 66.91 per cent. of the Issuer's AUM mix, with the Issuer holding 72.03 tons of gold as collateral as at 30 September 2019, compared to 67.38 tons as at 30 September 2018. There has also been a consistent growth in the Issuer's number of customers on a consolidated basis, from 3.4 million customers as at 31 March 2017 to 4.3 million customers as at 31 March 2019. The Issuer has an extensive network of branches throughout India, with branches in 22 states and 6 Union Territories in India.

Diversified loan book across products and regions

The Issuer has steadily expanded its product portfolio and branch network in the past, which it believes has provided it with an advantage over its competitors. In addition to providing Gold Loans, the Issuer also provides microfinance through its subsidiary Asirvad that was acquired by the Issuer in February 2015, housing finance business through its Subsidiary MHFL, insurance broking through its Subsidiary MAIBRO, and IT consultancy and supply through its Subsidiary MACOM.

The Issuer has been diversifying its loan books by venturing into non-gold segments as part of its strategy to reduce its business risk profile, with a consistent increase in the amount of non-gold loans that contribute to its AUM. The non-gold segments that make up the Issuer's AUM as percentage to the total AUM has increased from 18.10 per cent. as at 31 March 2017 to 33.32% as at 31 March 2019. Microfinance loans contributed significantly to this increase. Since the Issuer's acquisition of Asirvad in February 2015, the amount of microfinance loans contributing to AUM (AUM means gross loan portfolio, securitisation & direct assignment) has increased from INR17,992.84 million as at 31 March 2017, INR24,357.11 million as at 31 March 2018, INR38,406.95 million as at 31 March 2019 and further to INR47,210.31 million as at 30 September 2019. This represented microfinance loans as a percentage of the Issuer's AUM of 13.15 per cent. in Fiscal Year 2017 15.45% in Financial Year 2018, 19.76 per cent. in Fiscal Year 2019, and 20.83% as at 30 September 2019.

The Issuer has also been diversifying its business across the regions in India. Historically, the Issuer's business was concentrated in South India, with 63.00 per cent. of its AUM derived from South India, and 16.00 per cent., 11.00 per cent. and 10.00 per cent. derived from West, North and East India respectively in Fiscal Year 2017. As at 30 September 2019, the Issuer's operations are significantly more balanced, with a breakdown of 39.00 per cent., 34.00 per cent., 15.00 per cent. and 12.00 per cent. of its AUM derived from South, East, West and North India respectively. This arose from the Issuer's expansion to other regions in India. The Issuer currently has 1,229 branches in other parts of India and 2,235 branches in South India. The number of customers from branches located in regions other than South India, grew by 28 per cent. from 754,101 customers as at 31 March 2017 to 961,729 customers as at 31 March 2019.

The customers are typically retail customers, small business persons, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail credit facilities by pledging their gold with the Issuer rather than taking loans from banks and other financial institutions. A significant proportion of its branches are located in rural locations and in semi-urban locations. The Issuer believes that it has a wide reach in rural markets in this category. The reach of the Issuer in rural and semi-urban locations gives it an added advantage of being able to reach a large set of potential rural customers. In order to manage its expanding operations as well as its increased customer base, the Issuer has developed a proprietary technology framework that provides an integrated, robust platform to run its operations and scale its branch network. The Issuer intends to continue to develop its technology framework in order to equip itself for further growth of its business.

Technology led online gold loans drives convenience to customers

In line with the growing availability of and access to internet services in India, the Issuer has developed its IT infrastructure and services to provide more convenience to its customers. For instance, the Issuer's network of branches across the country are linked to its head office, allowing the Issuer to upload data to the centralised system from each branch for faster decision making regarding whether to grant a loan. The use of technology has also reduced the amount of time taken to complete Gold Loan transactions. In line with the Issuer's increasing use of technology, the source of the Issuer's Gold AUM has increasingly shifted from offline (i.e. in person at branches) to online (i.e. through the Issuer's website or Online Gold Loan app). In Fiscal Year 2017, only 12.0 per cent. of the Issuer's Gold AUM came from online loans, but this had increased to 32.0 per cent. in Fiscal Year 2018 and 39.0 per cent. in Fiscal Year 2019. As at 30 September 2019, this had further increased to 43.0 per cent. and the Issuer expects further growth in this area.

Access to wide range of funding sources

The Issuer has a diversified borrowing mix. Despite the on-going credit squeeze in India, the Issuer has been able to increase the proportion of its term loans from banks from 16.18 per cent. as at 31 March 2018 to 28.35 per cent. as at 30 September 2019.

Consolidated Borrowing mix %

	Cash Credit/ STL/ WCDL	Term Loan from Banks & FIS	Commercial Paper	Subordinate Bond	NCDs	ECB	Total
Fiscal Year 2017	36.15	17.99	21.02	0.84	24.00	0	100.00
Fiscal Year 2018	39.04	16.18	23.10	0.85	20.83	0	100.00
Fiscal Year 2019	41.92	20.69	21.45	0.78	15.15	0	100.00
For the six-months ended 30 September 2019	38.31	28.35	20.85	0.65	10.02	1.82	100.00

Note: all numbers in percentage.

Robust support system including appraisal, internal audit and inventory control and safety systems

The ability of the Issuer to accurately appraise the quality of the gold jewellery to be pledged in a short period of time is critical to its business. The Issuer does not engage third parties to assess the gold jewellery, but instead employs in-house staff for this purpose, which, it believes leads to better customer service. Assessing gold jewellery quickly and accurately is a specialised skill that involves an assessment for gold content and quality manually without damaging the jewellery. The Issuer uses tested methods of appraisal of gold, such as the nitric acid test, the touchstone test, checking for hallmarks and the sound test, and an independent appraisal is carried out by different sets of officials before disbursement is made depending on the ticket size. In addition, branch heads are required to independently verify loans where the net weight of gold exceeds 20 grams. Since the Issuer generally lends only against household, used jewellery, the risk of use of low quality gold or spurious jewellery as security for its Gold Loans is limited.

In addition, the gold that is pledged for each loan is typically as much as the worth of gold that is owned by an average Indian household, which prevents its exposure to larger-sized loans where the chances of default and subsequent losses are increased. Only a small portion of the loans advanced by the Issuer are for relatively larger amounts, and in such cases it follows a more detailed process for evaluation of such loans. For loans above INR1 million, the head office conducts detailed field level verification of profile of the customers and approves the limits for loan sanctions.

Once the Gold Loan is made, the Issuer has a system in place for continuous monitoring of the pledged gold by internal audit and risk management teams. Further, all branches of the Issuer are subject to audit inspections by an internal audit department from time to time. At the time of conducting an inspection, a quality check on the inventory is also carried out. The inventory control procedures of the Issuer involve physical security checks and checks on the quality of pledged gold. In addition, the branch head and the assistant branch head are the joint custodians of the gold stored in strong rooms or vaults, which means that the strong rooms or vaults can only be opened if two keys are inserted at the same time. Gold is kept in cellular model shelves; safes are of BB class from reputed agencies and strong rooms are reinforced concrete cement structures built as per industry standards.

In-house training capabilities to meet the requirements of its branches

The Issuer focusses on building a strong leadership pipeline that can elevate the company to the next growth trajectory. The employees, being a mix of youth and experience, are customer-centric, focused and forward looking in their approach. The employees also receive training through various skill advancement programmes and educational programmes including management development programme, executive development programme and company sponsored courses in business administration. The Issuer recognises talent and reward employees accordingly to motivate them. The Issuer has 32 regional training centers and two apex training centres called the Manappuram School of Training. The Issuer has been continuously investing in developing advanced learning solutions for preparing its employees for the future and to cater to the ever-increasing needs of its customers and training its employees. The Issuer has an online e-learning tool, which can be accessed by all its employees. This tool helps train employees and prepares new staff for ensuring the branch service ambience. Additionally, the Issuer deploys various methods of training and development including class room training, e-learning, on-the-job training, job rotation, case studies, role plays, distance learning, video conferencing and social media. The Issuer believes that its in-house training has built up a talent pool that enables it to staff new branches with qualified and skilled personnel. The in-house training capabilities of the Issuer also enable it to improve the skill sets of its existing personnel.

Experienced Management Team and Skilled Personnel

The key managerial personnel of the Issuer on an average have over 21 years of experience. The Directors of the Issuer have extensive experience in the gold loan business and the Issuer believes that its considerable knowledge of, and experience in, the industry enhances its ability to operate effectively. The staff of the Issuer, including professionals, cover a variety of disciplines, including gold appraisal, internal audit, technology, accounting, marketing and sales. Some of the key management personnel have been in employment since the inception of the Issuer. The Issuer believes that the in-depth industry knowledge and loyalty of the management and professionals provides it with a distinct competitive advantage. The management has experience in identifying market trends and suitable locations for expanding and setting up branches to suit the target customers. The management of the Issuer further promotes a result-oriented culture that rewards employees on the basis of merit. The workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with the Issuer and periodic training programmes are conducted to augment their knowledge and efficiency in performing this task. In order to strengthen the credit appraisal and risk management systems and to develop and implement suitable credit policies, the Issuer has hired a number of senior managers who have extensive experience in the Indian banking and financial services sector and in specialised finance firms providing loans to retail customers.

Further, the Issuer believes that it has been successful in attracting, fostering and retaining talent. The recruitment and business strategy has been aligned right through the years and having a strong pool of talent gives the Issuer a competitive edge in its growth. While recruiting, the Issuer has laid down minimum standards that a prospective candidate should meet. The prospective candidate is rated on various factors like qualifications and academic knowledge, communication skills, family background, experience in relevant field, personality, mental ability and behavioural competencies. The Issuer has implemented a decentralised recruitment policy at the entry level to attract and retain local talent and meet staffing requirements. The Issuer has also implemented a retention policy to promote internal appreciation and retention of talent by promoting career growth, establishing a suitable working environment and implementing a performance-based appraisal mechanism. The employee welfare initiatives including provident fund and group mediclaim policy ensure a conducive work environment for all. To uphold its performance-oriented culture, the Issuer conducts training programmes and online skill assessments on a periodic basis, continuously monitoring and augmenting the performance level of its employees.

Strategy

The Issuer's business strategy is designed to capitalise on its competitive strengths and enhance its leadership position in the Gold Loan industry. Key elements of the Issuer's strategy include:

Continue to build the Manappuram brand

The Issuer believes that its brand is key to the growth of its business. The Issuer believes that it has built a recognisable brand in the rural and semi-urban markets of India, largely in the southern states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana and is growing its presence in Maharashtra, Gujarat, West Bengal and other parts of India. The Issuer intends to leverage on its well-connected branch network to strengthen its position in existing markets and reach out to customers in newer markets. To further strengthen its brand equity, the Issuer has developed a planned and consistent marketing approach based on long term as well as short term marketing goals.

At the macro level, to build awareness, mass media campaigns through various mediums such as television, print and radio, enable the Issuer to reach out to a large proportion of the target audience. Such campaigns are planned on an annual basis in line with the Issuer's overall objectives. At a micro level, customer engagement programmes in key target customer locations as well as the branch catchment areas help in taking the concept of Gold Loans closer to the target audience.

The Issuer intends to continue to build its brand by taking the below key initiatives enumerated as under:

- Local marketing initiatives such as village campaigns, loan *melas*, shop visits, home visits and notice distribution were conducted extensively;

- Conduct local marketing initiatives on a scale ranging from mass marketing to individual marketing, wherein customised options are made available for customers; and

- Brand endorsements by various actors of the film industry.

The Issuer intends to continue to increase its brand presence through its marketing initiatives and engage with customers and build awareness about the '*Manappuram*' brand and its products and services.

Expanding other businesses and entering into new businesses

In Fiscal 2015, the Issuer leveraged its strong brand equity and existing retail customer base developed through its mainstay Gold Loans business over the years to expand into other businesses, including microfinance, mortgage and housing finance and commercial vehicles loan business. The microfinance business is housed under its Chennai based subsidiary Asirvad that was acquired by the Issuer in February 2015. The mortgage and housing finance business is housed under its Subsidiary Manappuram Home Finance Limited ("**MHFL**"). Through its housing finance and commercial vehicle loans business, the Issuer seeks to reach out to the upwardly mobile customers. Through the microfinance business, the Issuer caters to the lower income group segments, using the collateral-free, joint liability model. The Issuer entered into the commercial vehicle financing business in Fiscal 2015 operating from southern and western regions to with an intention to finance customers largely from the unorganised sector. Over the last four years, the Issuer believes that it has steadily expanded its microfinance business, mortgage and housing finance business and commercial vehicles loan business.

Further, the Issuer has forayed into multiple business segments to tap into macro opportunities and become a diversified, multi-product NBFC with products catering to corporate finance, micro, small and medium enterprises, personal loans and project and industrial finance.

The corporate finance segment focusses on lending to vendors and dealers of large and good-quality corporates. The Issuer believes that this segment is underbanked and has significant unmet credit requirements. The micro, small and medium enterprises ("**MSME**") segment introduced various tailor made products to meet working capital demands of MSME. The Issuer focusses on tapping the Tier 1, Tier 2 and Tier 3 cities and partnering with budding entrepreneurs to help them prosper.

The Issuer believes a continued focus on these diversified business lines will help its future growth.

Strengthen the technology platform and continue to develop robust risk management procedures and related systems

UPI based payments went live on the Issuer's online web application to enable Gold Loan payments. The Issuer is also getting all its previous records scanned, from the human resources, legal, finance and admin departments, in a structured manner so as to achieve its goal of becoming 100 per cent. paperless. The Issuer recently undertook a process rationalisation initiative wherein it is reengineering its existing processes to suit the business process management and document management system tools. Moreover, the Issuer is working on enhancing many consumer-facing tools that will help create digitisation of the loan processes right from the first step. For the customer, this will mean shorter turn-around-time and faster loan disbursal. Simultaneously, it is also increasing its digital marketing footprint. In these segments, more often than not, the search for a product starts online, and the Issuer wants to be present to serve those needs from the earliest stage. The Issuer has begun to apply analytics in all aspects of its businesses. For example, in loan sourcing, the Issuer is consistently optimising its marketing budget by looking at return on investment from various channels. This is an analytical exercise that requires benchmarking of response rates from each channel and then examining the incremental lift that marketing spend is bringing. The Issuer would like to cross-sell and develop surrogate variables for the incomes and expenditures of its Gold Loan customers. Further the Issuer has tied-up with various payment wallets and this enables its customers to make payments through a variety of options.

Since the Issuer is geographically well connected, its scale of operations has increased manifold. The Issuer intends to further develop and strengthen its technology platform to support its growth and improve the quality of its services. The information technology strategy of the Issuer is designed to increase its operational and managerial efficiency. The Issuer aims to increasingly use technology in streamlining its credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. The Issuer continues to implement technology led processing systems to make its appraisal and collection processes more efficient, facilitate rapid delivery of credit to its customers and augment the benefits of its relationship-based approach. The Issuer also believes that deploying strong technology systems will enable it to respond to market opportunities and challenges swiftly, improve the quality of services to its customers, monitor its process and performance and improve its risk management capabilities. As a part of its service-oriented strategy, the Issuer has implemented proactive service related measures which are designed to reduce customer grievances and complaints. The Issuer is focused on improving its comprehensive knowledge base and customer profile and support systems, which in turn will assist it in the expansion of its business. The Issuer encourages the periodic collection of interest which helps reduce its credit risk. Further, the Issue believes that improvements in technology will also reduce its operational and processing time and thereby improve its operating efficiencies.

In addition, the Issuer views risk management as crucial to the expansion of its Gold Loan business. The Issuer therefore continually focusses on improving its integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. The objective of its risk management systems is to measure and monitor the various risks it is subject to and to implement policies and procedures to address such risks. The Issuer intends to continue to improve its operating processes and risk management systems that will further enhance its ability to manage the risks inherent to its business. The Issuer also continues to make significant investments in personnel, security, technology and infrastructure in order to improve process efficiencies and mitigate business risks. The Issuer has recruited individuals who have significant risk management experience and plans to retain this focus in hiring additional risk management personnel. Going forward, the Issuer plans to continue to adapt its risk management procedures to take account of trends it has identified, including its loan loss experience. The Issuer believes that prudent risk management policies and development of tailored credit procedures will allow it to expand its Gold Loan financing business without experiencing significant increases in non-performing assets.

Attract and retain high quality talent

The intellectual capital of its management and finance teams, as well as other professionals, is critical to the success of the Issuer, and it intends to continue to focus on attracting and retaining high quality talent. In order to achieve this, the Issuer intends to continue to capitalise on its strengths in the area of recruiting. In particular, the Issuer plans to consolidate its position as an employer of choice within the NBFC sector. The Issuer currently conducts training programmes periodically across its regional training centres. The Issuer has also developed and will continue to develop targeted compensation schemes designed to retain its key management personnel and professionals, such as offering performance-linked salaries.

Loan Portfolio

As at 30 September 2019, 31 March 2019, 31 March 2018 and 31 March 2017, the Issuer had INR151,683.37 million, INR129,615.16 million, INR117,363.93 million and INR111,245.34 million gold loan portfolio, respectively. As at 30 September 2019, 31 March 2019 and 31 March 2018, the gross loan portfolio of the Issuer (on a consolidated basis) was INR212,272.17 million, INR179,562.24 million and INR154,134.22 million, respectively, as per Ind AS. As at 31 March 2018 and 31 March 2017, the gross loan portfolio of the Issuer (on a standalone basis) was INR129,233.84 million and INR115,509.63 million, respectively, as per Indian GAAP. As at each of those dates, all loans of the Issuer (on a standalone basis) were to borrowers in India and were denominated in Indian Rupees.

The following table derived from the Ind AS Financial Statements of the Issuer show, as at the dates indicated, certain details in relation to the on-balance sheet gross loan portfolio (excluding securitised and direct assignment portfolio) classified by product groups.

	As at 30 September				As at 31 March			
	2019		2018		2019		2018	
	(Standalone)				*(Standalone)*			
Classification of Loans and Advances	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
	(₹ million)		*(₹ million)*		*(₹ million)*		*(₹ million)*	
Gold Loan	151,683.37	86.65%	125,927.63	89.75%	129,615.16	85.84%	117,363.93	90.81%
Other loans:								
Commercial vehicle Loan	13,126.56	7.50%	7,998.19	5.71%	11,052.32	7.32%	5,974.34	4.62%
Mortgage/Property Loan	376.85	0.22%	362.74	0.26%	298.52	0.20%	348.86	0.27%
On-lending	8,613.88	4.92%	5,945.20	4.24%	9,300.59	6.36%	5,497.92	4.25%
Corporate finance.	417.93	0.24%	–	0.00%	299.94	0.20%	0.00	0.00%
Business loans	7.27	0.00%	48.45	0.03%	48.08	0.03%	52.76	0.04%
Other loans	820.69	0.47%	23.53	0.02%	80.58	0.05%	8.08	0.01%
Total.	**175,046.55**	**100%**	**140,305.74**	**100%**	**150,995.19**	**100%**	**129,245.89**	**100%**
Less: Impairment loss allowance	1,123.76		998.25		943.48		838.62	
Total.	**173,922.79**		**139,307.49**		**150,051.71**		**128,407.27**	

As at 30 September 2019, 31 March 2019, 30 September 2018 and 31 March 2018, the Issuer's Securitised and Direct Assignment Loan pool was INR 14,424.72 million, INR 14,825.13 million, INR3,388.72 million and INR 3,515.72 million respectively. The Issuer's consolidated Gross loan portfolio was INR 226,696.90 million, INR 194,387.37 million, INR172,649.53 and INR 157,649.95 million as at 30 September 2019, 31 March 2019, 30 September 2018 and 31 March 2018 respectively.

The Gold Loan Business

The Issuer's core business is providing Gold Loans, which are typically small loans secured by the pledge of household, and/or used gold jewellery. Loan amounts advanced by the Issuer are typically within the range of INR1,000.00 to INR10.00 million per loan transaction and typically remain outstanding for approximately an average tenor of 2 months. As of 30 September 2019, the Issuer had 4.30 million Gold Loan accounts, aggregating to INR151,683.37 million in principal amount.

In the Fiscal Years 2017, 2018, 2019 and the six months ended 30 September 2019, the gross Gold Loan portfolio yield of the Issuer, representing net interest income on gross gold loans as a percentage of gross average outstanding of gold loans (opening balance + closing balance)/2) of Gold Loans were 27.50 per cent., 24.30 per cent., 25.34 per cent. per annum and 25.04 (annualised for 30 September 2019) per cent. respectively. In the Fiscal Years 2017, 2018, 2019 and the six months ended 30 September 2019, interest income from Gold Loans constituted 85.52 per cent., 79.84 per cent., 74.87 per cent. and 69.91 per cent., respectively, of total revenue.

The Issuer is able to offer a variety of Gold Loan schemes to its customers to suit their individual needs. As of 30 September 2019, the Issuer had the following schemes: Swarna Shakthi (GL-SX), Express Gold Loan Plus (GL-XG+), Super Loan Plus (GL-SG+), Samadhan Plus (GL-SA+), Privilege Loan (GL-PL), Business Loan (GL-BL), GL DS, GL SY, GL B1-N, GL B1+N, GL B2+, GL-H3, GL B4+, which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the amount of the loan, to meet the different needs of various customers. The schemes differ in relation to the amount advanced per evaluated gram of gold, the interest rate chargeable, the number of days the scheme is valid and the amount of the loan. Some of the schemes are available only in certain geographical areas and branches. The elements of a scheme do not remain constant and are dependent on external factors such as the market price of gold, the cost of funds, the advance and the rate of interest that is offered by competitors. To maintain consistency and ensure that the standards set by it are not compromised, the Issuer has kept the procedures and processes involved in each gold finance transaction generally the same across the different schemes. Customers are also allowed to prepay their loans without any prepayment penalty. The Issuer's gold AUM per branch has steadily increased over the years, from INR34.00 million as at 31 March 2017; INR35.00 million as at 31 March 2018; INR38.00 million as at 31 March 2019 to INR44.00 million as at 30 September 2019.

In the Gold Loans business, the Issuer endeavours to continue to launch new products such as doorstep gold loans and has further recalibrated the LTV of its gold loans to the tenure of the loan. This means that loans with shorter tenures can have LTV of up to 75 per cent. (the maximum permitted limit allowed by RBI), which delinks gold prices from the Gold Loans business. The Issuer's LTV has decreased from 67.0 per cent. as at 31 March 2017 to 65.0 per cent. as at 31 March 2018, remaining the same at 65.0 per cent. as at 31 March 2019, and decreasing to 60 per cent. as at 30 September 2019. The Issuer's average loan tenor has decreased from 60 days in Fiscal Year 2017; 59 days in Fiscal Year 2018; 63 days in Fiscal Year 2019 to 47 days for the six months ended 30 September 2019. As of 30 September 2019, the Issuer had 85.9 per cent. of the Gold Loan AUM with a contract period of 3 months.

In keeping with its record of technology led innovations, the Issuer launched its latest product "Online Gold Loans" in 2015 and the "Doorstep Delivery of Gold Loan" scheme in Bangalore in 2017, expanding this scheme subsequently to Chennai, Delhi and Mumbai. A customer who has completed the initial formalities, including depositing gold jewellery at one of its branches, can now obtain a gold loan anytime, from anywhere in the world. The loan proceeds are instantaneously transferred to the bank account of the customer. The Issuer further launched a co-branded debit card that allows customers, including those, without access to bank accounts, to withdraw money from an ATM. The Online Gold Loans portfolio, which is an important focus area for the Issuer, now accounts for 39 per cent. of the total gold loan book as of 31 March 2019 compared to 32 per cent. as of 31 March 2018.

Gold Loan Disbursement Process

The principal form of security that the Issuer accepts is wearable, household, used, gold jewellery. The amount that the Issuer finances against pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. The Issuer values the gold jewellery brought by customers based on its centralised policies and guidelines. The Issuer generally lends up to 75.00 per cent. of the price of gold collateralised with it, which is generally lower than the market price of gold at that time. At 75.00 per cent., the actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, the Issuer appraises the gold jewellery solely based on its gold content. The Gold Loans are therefore generally well collateralised because the actual value of the gold jewellery is higher than the appraised value of the gold jewellery when the loan is disbursed.

The amount which the Issuer lends against an item and the total value of the pledged gold which the Issuer holds fluctuates according to the market price of gold. However, an increase in the price of gold will not automatically result in an increase in the value of its Gold Loan portfolio unless the per gram rate is revised by the Issuer's corporate office. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans (on average), a decrease in the price of gold generally has little impact on its interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in its loan portfolio.

All of the Gold Loans have a maximum tenure of 12 months, however, customers may redeem the loan at any time. The Gold Loans typically remain outstanding approximately for an average tenor of 2 months. In most cases, interest is paid only at the time the principal is repaid. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed of on behalf of the customer in satisfaction of the principal and interest charges. Any surplus arising out of the disposal of the pledged gold is refunded to the customer. In the event that the recoverable amount is more than the realisable value of the pledged gold, the customer remains liable for the shortfall. The Issuer makes provisions for losses that it believes are not recoverable from the customer when the respective loans remain outstanding after six months from the date of agreed tenor of the loan.

The total disbursements of gold loans historically were INR525.00 billion in Fiscal Year 2017, INR622.00 billion in Fiscal Year 2018, INR896.00 billion in Fiscal Year 2019, and INR503.00 billion for the six months ended 30 September 2019.

The processes involved in approving and disbursing a Gold Loan are divided into three phases: Pre-disbursement, Post-disbursement and Release of the pledge. When a loan is repaid, the customer is given the option to pledge the security again and obtain another loan.

As at 30 September 2019, 31 March 2019, 31 March 2018 and 31 March 2017, the Issuer's average ticket size was INR35,307.00, INR32,875.00, INR32,591.00 and INR33,606.00 respectively.

Pre-Disbursement

Pre-disbursement processes include all of the actions which are carried out from the moment a customer enters any of the branches for procuring a Gold Loan until the customer receives the loan amount and include the following:

Appraisal of Gold

The first step in the process is the appraisal of the gold to be used as security for the Gold Loan. Each of the branches has designated personnel for gold appraisal who operate under a clear policy regarding their function and responsibilities. The initial appraisal is performed by a trained employee who has experience in appraising the gold content of jewellery. The initial appraisal is then verified by a second trained employee. Additionally, if the net weight of gold being offered as security for the Gold Loan is above 10 grams but less than 20 grams, the appraisal must be verified by the assistant branch head. However, if the net weight of gold being offered as security for the Gold Loan is above 20 grams, the appraisal must be verified by the branch head.

Several steps are involved in the gold appraisal process. First the authenticity of the gold is tested in accordance with standard guidelines that are applied across all branches. This process involves several principal tests, which include a nitric acid test, a touchstone test, checking for hallmarks and a sound test.

The gross weight of the gold jewellery is then determined by weighing the jewellery. From the gross weight, for purity, the stone weight is deducted to arrive at net weight. The Issuer has determined a constant percentage deduction that applies depending on the purity of the gold, which is based on the proportion of gold contained in the jewellery in relation to other metals. As purity decreases, the percentage deduction that is applied to the gross weight increases in order to arrive at the net weight. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight. The net weight is then converted into 22 carat purity levels. The Issuer uses weighing machines of ISO approved quality at its various branches.

Pursuant to the NBFC Master Directions, in order to standardise the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral is valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Limited, formerly known as Bombay Bullion Association Limited ("**BBA**"), or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewellery of lower purity in terms of carats shall be proportionately reduced. For determining the maximum permissible loan amount, however, no other cost elements shall be added except the intrinsic value of the gold content of the gold jewellery. While accepting the gold as collateral, the NBFC should give a certificate to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. The certified purity may be applied to determine the maximum permissible loan and reserve price for auction but suitable caveats to protect themselves against disputes on redemption may be included. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral.

In order to determine the loan amount that can be advanced against a specific piece of jewellery, the net weight of the jewellery is multiplied against a fixed constant, which is 75 per cent. of the 30 days trailing average of the closing gold price quoted by Indian Bullion Jewellers Association (IBJA) or the historical spot gold rate by a commonly exchange regulated by Forward Markets Commission, whichever is higher.

Appraisal of the Customer

Since the disbursement of the Gold Loan is primarily based on the value of the pledged gold, the customer's creditworthiness is not a major factor in the loan decision. However, each branch complies with standard "know your customer" ("**KYC**") policies and other customer appraisal procedures, depending on the amount of the Gold Loan.

Compliance with the KYC policies ensures that the personal data provided by a particular customer is accurate. For loans up to INR50,000, the customer must provide a document that confirms the customer's identity, which could be a Government issued document, such as a passport, driver's licence, PAN card, voter identification card, ration card or UIDAI card (Aadhar). For loans above INR50,000, proof of address is also required. Any KYC document that is received is verified for authenticity. A KYC register is maintained in every branch to enter all KYC related details of the customers. The Issuer also maintains and files electronic copies of all KYC documents at each branch, retains a photograph of each customer in its system, and confirms the customer's mobile number by generation of a unique identification number through text message at the time of the pledge.

The NBFC Master Directions provides that Gold Loan NBFCs have been mandated to insist on a copy of the PAN card of the borrower for all transaction above INR500,000. Further, where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery and an explicit policy within the overall loan policy must be established by the NBFC. The Issuer has suitably modified its internal policies to ensure the same.

If the outstanding loan in the account of a customer is INR100,000 or more, the branch head verifies the gold pledged by such customer. Further, an information statement is generated by the internal system, which is tracked by the area head. Further, the Issuer also monitors individually, customers who have loans outstanding in excess of INR1,000,000. In addition, the system generates daily alert reports based on certain pre-set parameters, which are tracked by the area head. All of these processes are supported by the technology platform. Pursuant to the NBFC Master Directions, high value loans of INR20,000 and above can only be disbursed by cheque and the Issuer has suitably modified its internal policies to ensure the same.

Documentation

The standard set of documents that are executed in a typical Gold Loan transaction include the gold loan slip, the pawn ticket cum terms and conditions and the demand promissory note cum loan application. Basic details of the pledge, such as the name of the customer and the net weight of the jewellery pledged is recorded on the gold loan slip, which is retained by the Issuer. The pawn ticket, which contains the details of the customer and the pledged jewellery, is filled in by the employee who appraised the gold and a copy is retained by the customer. The demand promissory note is an undertaking by the customer to repay the loan amount with the interest to the Issuer. The terms and conditions that are contained in the demand promissory note empower the Issuer to sell the pledged jewellery if the customer defaults on the Gold Loan. In addition to these documents, the Issuer keeps additional internal records that specify the customer and the pledged jewellery. The Issuer identifies and corrects data entry errors in customer data through a process of day-book checking.

Post-Disbursement

Custody of the Pledged Gold

The pledged gold jewellery is packed separately by staff of the branch along with the relevant documents pertaining to the loan and the customer, and stored in the safe or strong room at the branch. Once lodged in the safe or strong room at the concerned branch, the branch head and the assistant branch head are the joint custodians of the gold.

The safes and strong rooms in which the gold jewellery is kept are built in accordance with industry practice. The strong rooms are vaults with reinforced concrete cement structures. Separate cupboards are used within the strong rooms for the safe keeping of the gold collateral. Pursuant to the NBFC Master Directions, the business of granting loans against the security of gold cannot be transacted at places where there are no proper facilities for storage and security of the gold jewellery. Further, no new branches can be opened without suitable storage and security arrangements having been made.

Inventory Control

Once the pledged gold is packed and moved to the safe or strong room, colour coded stickers are affixed on the packet. Tamper proof stickers are also affixed on the jewellery packets to ensure inventory control. Additional stickers are used to seal packets by persons examining packages subsequently, including the internal auditors. In addition to the colour coding, these stickers also contain details of the persons inspecting the gold. The Issuer has procedures in place for random verification of gold packets by the branch heads. A separate register is maintained for updating the details of the stickers used by a branch.

Branch Security and Safety Measures

Ensuring the safety and security of the branch premises is vital to the business since cash and gold inventory are stored at each branch. Branch security measures include:

- *Burglar alarms*: Burglar alarms are installed at all branches and phone numbers of the assistant branch head, branch head, area manager, regional manager, zonal manager, general manager (Financial Analysis Wing), the concerned police station and control room are integrated into the alarm system, which triggers a call to these numbers if the alarm goes off.

- *Joint custodianship by the branch head and the assistant branch head*: Both the branch head and the assistant branch head hold the keys to the safe or strong room, which can only be opened if both keys are inserted at the same time.

- *Security guards*: Security guards are recruited through approved agencies and are present at night at all of the branches. Day time security is also provided at some of the branches, depending on the security of the particular area and the Gold Loans outstanding in the respective branch. In the absence of a security guard, the branch head or the assistant branch head informs regional branch head and the security control room at the head office and alternative arrangements are made. Patrolling services by the local police have also been implemented to reduce risk of burglary.

- *IP cameras/CCTVs*: CCTV cameras have been installed at all branches of the Issuer.

- *Rules in relation to the cash counter*: The cash counter is always locked from the inside and the cashier is required to tally the cash against the cash book at least every three hours and in the morning and the evening. Shifting of cash from one storage point to another is recorded in the cash movement register that is maintained for this purpose. Cash that is held in the cash cabin at any point in time does not generally exceed the retention limit prescribed for this purpose. If there is a case where such cash exceeds the retention limit, it is generally due to a banking holiday or other business reasons.

Release of the Pledge

The loan accounts and recovery of interest is monitored on an ongoing basis. Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. When a customer does not repay a loan on or before its maturity, the process of recovery and disposal of the pledged gold is initiated in order to satisfy the amount owed by the customer, which includes both the principal and accrued interest. Before starting the recovery process, the customer is informed through registered letters or legal notices. The recovery procedure typically commences after 15 days from the date of maturity. When a loan is repaid or interest is repaid but not the principal, the customer is given the option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails.

The Issuer also reserves the right, subject to notification to the customer, to sell the pledged gold even before a loan becomes past due in the event the market value of the underlying pledged gold falls below amounts outstanding on the loan.

Pursuant to the NBFC Master Directions, the following additional stipulations have been made in respect to auctioning of gold jewellery:

(i) Auction should be conducted in the same town or taluka in which the branch that has extended the loan is located;

(ii) While auctioning the gold, NBFCs have been mandated to declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85.00 per cent. of the previous 30-day average closing price of 22 carat gold as declared by BBA and value of the jewellery of lower purity in terms of carats should be proportionately reduced;

(iii) NBFCs have been mandated to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower; and

(iv) NBFCs shall disclose in their annual reports, the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Businesses

The Issuer's non-gold portfolio collectively grew by 60.78 per cent. during the Fiscal Year 2019 led by the commercial vehicles portfolio, which more than doubled its assets under management ("**AUM**") in the same period. The non-gold businesses contributed 33.32 per cent. of the consolidated loans portfolio for Fiscal Year 2019, as against 25.50 per cent. for Fiscal Year 2018. The strategy that the Issuer has adopted is to minimise its risk profile and enable it to emerge as a larger, multi-product NBFC. Over the last three fiscals, the other business verticals have been successful in rapidly scaling up their operations by leveraging the Issuer's customer base, branch network and the goodwill of the Manappuram brand. During this period, the Issuer has been able to stabilise the business processes, scale up the operations (including network), and enhance the manpower strength of each vertical and foster synergistic lead generation connections with its network.

Microfinance

The microfinance subsidiary, Asirvad, closed the Fiscal Year 2019 having closing AUM of INR38,406.95, growing at a year on year rate of 57.68 per cent. from INR24,357.11 million as at 31 March 2018. From INR17,959.39 million at the close of Fiscal Year 2017 to INR47,210.30 million as at 30 September 2019, Asirvad has grown at an average CAGR of 47.10 per cent. in the said period. The customer base was 1.2 million, 1.5 million, 1.8 million and 2.0 million respectively for Fiscal Years 2017, 2018, 2019 and six-months ended 30 September 2019. The Issuer has successfully geographically diversified Asirvad's AUM. As at 30 September 2019, other than Tamil Nadu, West Bengal and Karnataka that each had an exposure of 23.0 per cent., 12.0 per cent. and 10.0 per cent., respectively to Asirvad's AUM, no other state had an AUM exposure of higher than 9%. As at 30 September 2019, portfolio exposure to Bihar, Kerala, Madhya Pradesh, Uttar Pradesh, Jharkhand, Odisha, Rajasthan, Maharashtra, Punjab was 9.0 per cent., 7.0 per cent., 6.0 per cent., 6.0 per cent., 5.0 per cent., 5.0 per cent., 4.0 per cent., 3.0 per cent. and 3.0 per cent., respectively. Exposure to all other states, as at 30 September 2019, was 8 per cent.. Asirvad's region wise disbursement mix for the six months ended 30 September 2019 for Southern region (Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Kerala, Pondicherry, and Andaman & Nicobar), Eastern region (West Bengal, Odisha, Assam, Sikkim, Meghalaya, Nagaland), Western region (Maharashtra, Gujarat and Madhya Pradesh) and Northern region (Punjab Haryana, Uttar Pradesh, Rajasthan, Uttarakhand, Delhi NCR, Chandigarh) was 40.0 per cent., 34.0 per cent., 14.0 per cent., and 12.0 per cent., respectively.

Asirvad has small ticket size with a per customer exposure limited to INR23,145.00 in rural areas in comparison with RBI's per customer cap of INR125,000.00. Low ticket size allows Asirvad to limit risk exposure and ensure low delinquency rates. To ensure low delinquency rates, Asirvad has in-house field development officers that have access to local customer knowledge and who regularly engage with local customers, joint liability groups ("**JLG**"). These field development officers undertake an extensive 3 day process to ensure customer is not over-leveraged and not borrowing from more than 2 MFIs. Group tests are conducted to ensure JLG's understand the terms and conditions of the loan. Asirvad also obtains and shares customer credit information to 4 different credit bureau repositories and obtaining from 2 credit bureau repositories in line with RBI guidelines. Asirvad had delinquency (91 to 180 DPD) rates of 1.02 per cent. in Fiscal Year 2017, 0.76 per cent. in Fiscal Year 2018, 0.24 per cent. in Fiscal Year 2019 and 0.31 per cent. as of 30 September 2019, (181+ DPD) rates of 9.90 per cent. in Fiscal Year 2017, 1.57 per cent. in Fiscal Year 2018, 0.24 per cent. in Fiscal Year 2019 and 0.55 per cent. as of 30 September 2019. AUM (including securitisation and direct assignment pool) as of 30 September 2019 was INR13,177.17 million and in Fiscal Year 2017 was INR3,058.34 million.

Home Loan Finance Business

The Issuer's offers affordable housing loans for mid-income to low-income groups under its subsidiary Manappuram Home Finance Limited. The home loan business has all its branches co-located with the Gold Loan branches. Its AUM at the end of Fiscal Years 2017, 2018, 2019 and as at 30 September 2019 was INR3,139.40 million (2.30 per cent. of AUM), INR3,765.70 million (2.39 per cent. of AUM), INR5,215.26 million (2.68 per cent. of AUM) and INR5,716.62 million (2.52 per cent. of AUM), respectively.

Vehicle and Equipment Finance Business

The Issuer's vehicle finance portfolio, held under Manappuram Finance Limited is about INR11,143.76 million spread across 168 locations (100 per cent. co-located with Gold loan branches) in 21 states as on 31 March 2019. The AUM (which includes all loans including securitisation and direct assignment pool) of its vehicle finance business doubled during the Fiscal Year 2019 to INR11,143.76 million from INR6,269.39 million in Fiscal Year 2018 owing to the healthy traction and improved demand momentum in the preowned commercial vehicles space. AUM (including securitisation and direct assignment pool) as of 30 September 2019 was INR13,177.17 million and in Fiscal Year 2017 was INR3,058.34 million.

On-lending and Other Loan Business

On-lending and other loan businesses include loans offered to NBFCs, corporates and loans against property. The on-lending and other loans business AUM at the end of Fiscal Years 2017, 2018, 2019 and as at 30 September 2019 was INR1,169.47 million (0.86 per cent. of AUM), INR5,904.04 million (3.75 per cent. of AUM), INR10,027.71 million (5.16 per cent. of AUM) and INR8,986.62 million (3.96 per cent. of AUM), respectively.

The Issuer commenced its SME business in November 2017 to serve the underserved segment and help them grow their businesses. The SME business vertical covers loans provided against the collateral security of property with the loan amount ranging from INR0.25 million to INR1.50 million. The tenure of such loan generally ranges from 24 months to 60 months.

Payments business

The Issuer's payments business includes the remittances and money changing business. The Issuer became a RBI-licenced principal agent in Fiscal Year 2018 and tied up with various third parties as their principal agent. The Issuer has also tied up with various banks and other institutions to provide banking correspondent services. The Issuer is also looking to leverage higher synergies between its online gold lending platform and its digital wallet 'MAKASH'.

Fee based services including forex and money transfer

The Issuer's fee-based services include money transfer and foreign exchange services. The Issuer also acts as a sub-agent to Indian representatives for money transfer inward remittance and enters into representation agreements and sub-agency agreements for the same. Under these agreements, the Issuer is entitled to a commission for the services provided depending on the amount of money transferred and the location from which the money is transferred. The Issuer is associated with various third parties for inward money transfer services.

Foreign exchange service involves the repatriation of money in the form of foreign exchange by an Indian citizen to his account from an account outside India. The Issuer has obtained an Authorised Dealer Category II Licence from the RBI in connection with this business activity. The Issuer facilitates fast, easy and safe money transfer and no bank account is needed by the customer for an amount of up to INR50,000, subject to compliance with applicable RBI norms.

The Issuer also has the right to appoint franchisees. In addition, the Issuer assists in currency exchange and sale of travellers' cheques for a variety of purposes as permitted under the FEMA. The Issuer is associated with various third parties for money transfer outward remittance facilities. Fee based services accounted for 1.34% of its total revenue (on a standalone basis) for the Fiscal Year 2019.

Operational Structure

The operations of the Issuer are structured into a scalable operating model with following main components: Head Office Operations, Field Zonal Managers, Regional Managers, Area Heads and branches. There are 8 Field Zonal Managers, 78 Regional Managers and 415 Area Heads. These components are supported by its core banking solution ("**CBS**"), which connects all branches to a central server on a real-time basis, and which, the Issuer believes, facilitates enhanced control, scalability and faster response to its customers' requirements.

Branch Network

As at 30 September 2019, the Issuer operated 3,464 branches located in 22 states, the National Capital Territory of Delhi and 6 union territories in India. The distribution of branches across India by region as at 30 September 2019, 30 September 2018, 31 March 2019, 31 March 2018 and 31 March 2017 is set out in the table below.

	As at 30 September				**As at 31 March**					
Region	**2019**	**% of Total**	**2018**	**% of Total**	**2019**	**% of Total**	**2018**	**% of Total**	**2017**	**% of Total**
					(Standalone)					
Southern region(1) . . .	2,235	65%	2,235	67%	2,235	66%	2,237	67%	2,233	68%
Northern region(2) . . .	484	14%	439	13%	284	8%	263	8%	244	7%
Western region(3)	425	12%	390	12%	400	12%	390	12%	389	12%
Eastern region(4)	320	9%	266	8%	453	13%	438	13%	424	13%
Total Branches	3,464	100%	3,330	100%	3,372	100%	3,328	100%	3,290	100%

Notes:

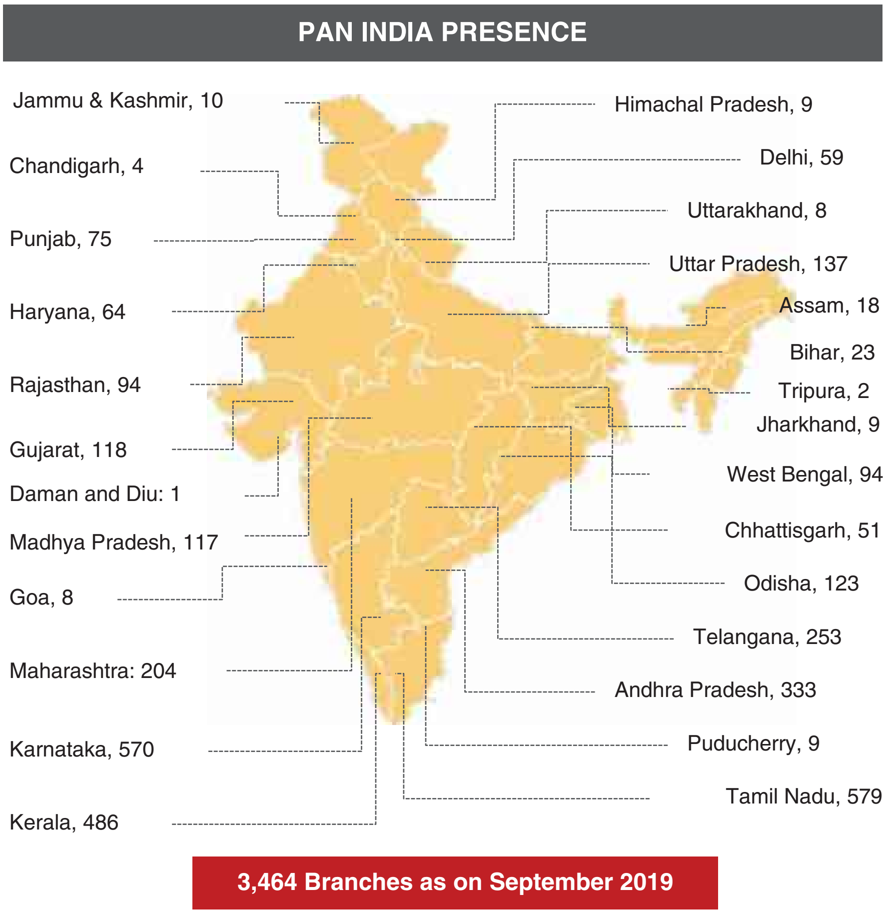
(1) Southern region includes the states of Tamil Nadu, Telangana, Andhra Pradesh, Karnataka and Kerala and the union territory of Pondicherry and Andaman & Nicobar in India.

(2) Northern region includes the states of Punjab, Haryana, Uttar Pradesh, Rajasthan and Uttarakhand, the National Capital Territory of Delhi and the union territory of Chandigarh in India.

(3) Western region includes the states of Maharashtra, Gujarat and Madhya Pradesh in India.

(4) Eastern Region includes the states of West Bengal, Orissa, Assam, Manipur, Sikkim, Meghalaya and Nagaland in India.

Set out below is a diagrammatic representation of the branch network of the Issuer (on a standalone basis) across India, as at 30 September 2019.



Marketing and Sales

The sales and marketing efforts are led by a team of Regional Managers who guide the marketing and sales efforts of their respective regions and who are supported by Area Heads and Branch Heads. At the head office, the sales function is coordinated and guided by a National Head – Sales, Zonal Managers and supporting staffs who co-ordinate and monitor the overall sales functions of the company and marketing function is coordinated and guided by the Vice-President Marketing. The marketing team provides advertisement support to all branches located in various parts of India, creates new advertising materials, creates new marketing strategies before launching a branch office, monitors the competition from other companies and creates new strategies to develop businesses. The marketing team also provides additional support to improve business of non-performing branches. The Issuer uses multiple media agencies for creative content and advertising campaigns, and the media department coordinates with various internal departments for managing their publicity requirements.

For the Fiscal Years 2017, 2018, 2019 and the six-months ended 30 September 2019, the total advertising and sales promotion expenditure on a consolidated basis was INR437.33 million, INR272.91 million, INR399.56 million and INR212.79 million, respectively, to support the aggressive brand building initiatives.

Customer Care

In addition to providing the services through the branches, to promote ease of accessibility, the Issuer also provides several services through its online platforms and on the phone. The Issuer has established a customer query and grievance resolution process, which it believes helps in building stronger relationship with its customers. The online customer portal is also a source for its customers to easily access all important information related to their loans. In order to achieve customer satisfaction and loyalty, the customer contact centre assists with post-disbursement customer service through regular communication of loan and account status to the customers and by responding to their queries and requests. The Issuer regularly communicates with its customers and provides the customers with the information they require through its customer service call centres as well as at its branches. At the branches, branch employees ensure timely resolution of the complaints or queries received.

The Issuer strives to develop customer ownership in all its employees as well as maintain transparency at all levels in order to deliver customer satisfaction. The customer service team plays an important role in retaining customers by monitoring pre-payments and by trying to retain such customers to the extent possible by understanding their further financing requirements and providing suitable solutions.

Branding

The Issuer uses offline and online media channels to promote its brand, products and services. To date, the Issuer has focused on ground-based activities, such as participation in trade exhibitions, maintaining a strong presence at points of sale and utilising direct mailers and flyer distributions. This has enabled it to reach out to specifically targeted audiences to drive business volumes. The digital media presence through its website, social media, display banners, and search engine optimisation has enabled it to increase its brand awareness and customer reach and drive business volumes. The Issuer regularly airs multimedia brand campaigns on television, radio and print in order to improve its brand perception and increase its exposure to a larger audience.

Future Expansion

The Issuer has expanded by establishing new locations, and its business strategy is to leverage its extensive experience in disbursing gold loans in southern India to continue expanding its lending business within its existing geographic markets and into other markets that meet its risk/reward considerations. The Issuer had a total of 3,464 branches as at 30 September 2019 and 3,372 branches, 3,328 branches and 3,290 branches (on a standalone basis) as at 31 March 2019, 2018 and 2017. The Board believes that such expansion will continue to provide economies of scale in supervision, administration and marketing by decreasing the overall average cost of such functions per branch. By concentrating on multiple lending units in regional and local markets, the Issuer seeks to expand market penetration, enhance brand recognition and reinforce marketing programmes.

A new branch can be ready for business within four to six weeks. The construction of a new location involves construction of secured counters and installation of strong rooms or safe and security systems. The branches are generally established on leased premises, thus requiring a lower set-up cost. The set-up cost required for furnishing the premises and purchasing equipment generally ranges between INR0.50 million to INR1.5 million per branch.

Sources of Funds

The lines of credit include borrowings from banks, financial institutions, private-equity financings and amounts raised through the issue of non-convertible debentures and commercial papers.

Borrowings from banks and financial institutions constitute a significant portion of the total borrowings from secured and unsecured loans availed of by the Issuer as at 30 September 2019. The Issuer has executed loan agreements with several banks with the object of availing funds from them on certain stipulated terms and conditions. As at 30 September 2019, the Issuer had outstanding amount of INR154,004.37 million standalone borrowings. The Issuer pays interest ranging from 8 per cent. to 10.75 per cent. per annum on these borrowings.

The Issuer also attempts to balance its interest-bearing liabilities, some of which bear floating interest rates, against its interest-earning assets, which bear fixed interest rates. As of 30 September 2019, 53.21 per cent. of its consolidated borrowings had floating rates of interest, comprising primarily working capital loans from banks and other financial institutions.

Credit Rating

The Issuer has earned and sustained credit rating above the investment grade norm, from approved domestic credit rating agencies since 1995. The programme is expected to be assigned a rating of “BB-” and “BB-” by S&P and Fitch, respectively.

Further, the details of credit ratings for short-term instruments and long-term instruments of the Issuer by domestic rating agencies, are provided as under:

Rating Agency	Rating	Nature of Securities
Brickwork	AA+ (Stable)	Non-Convertible Debentures aggregating to INR10,030.00 million Bank Loan Facilities aggregating to INR70,000 million
CARE	AA (Stable)	Long Term Bank Facilities aggregating to INR60,873.80 million
CARE	A1+	Short Term Bank Facilities aggregating to INR29,126.20 million
CARE	AA (Stable)	Non-Convertible Debentures aggregating to INR11,000 million
CARE	A1+	Commercial Paper aggregating to INR40,000.00 million
CRISIL	AA (Stable)	Non-Convertible Debentures aggregating to INR27,575 million and Non – Convertible Debentures aggregating to INR7,000.00 million
CRISIL	A1+	Commercial Paper aggregating to INR40,000 million
ICRA	AA- (Stable)	Non-Convertible Debentures aggregating to INR2,701.20 million

The Issuer’s credit rating is attributable to stable sources of funding, adequate liquidity and its robust capitalisation levels in relation to its proposed expansion plans. The liquidity position of the Issuer is comfortable with a well-matched asset liability management profile on account of the relatively shorter tenure of the advance portfolio and availability of funding lines.

Classification of Assets and Provisioning Norms

Classification of Assets in accordance with Ind AS

The Issuer follows the NBFC Master Directions, among other matters, in the classification of its assets, treatment of NPAs and provisioning against NPAs, as further described in the section titled “*Regulation and Policies*” of this Offering Circular. Each non-deposit taking NBFC, such as the Issuer, is required to classify its lease/hire purchase assets, loans, advances and other forms of credit into standard, sub-standard, doubtful or loss assets.

Ind AS requires entities to recognise and measure a credit loss allowance or provision based on expected credit loss ("**ECL**"). The expected loss impairment model applies to loans, debt securities and trade receivables measured at amortised cost or at fair value through other comprehensive income.

ECL, at each reporting date, is measured through a loss allowance for a financial asset at an amount equal to:

- the lifetime ECLs, if the credit risk on that financial instrument has increased significantly since initial recognition. Lifetime ECLs means ECLs that result from all possible default events over the expected life of a financial asset.

- 12-month ECLs, if the credit risk on a financial instrument has not increased significantly since initial recognition. 12-month ECLs means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

At the end of each reporting period, the Issuer performs an assessment of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of ECLs as required under IND AS norms. Based on the above process, the Issuer categorises its loans into three stages as described below:

Definition of Default and Cure

The Issuer considers a financial instrument as defaulted and therefore Stage 3 for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment of whether a customer is in default, the Issuer also considers a variety of instances that may indicate unlikeliness to pay such as significant changes in the value of the collateral supporting the obligation, an actual or expected downgrade of the borrower or other standards prescribed under Ind AS. When such events occur, the Issuer determines whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or Stage 2, as appropriate. The Issuer considers a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months.

The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Rating	**Loan days past due**	**Stages**
High grade	Not yet due	1
Standard grade	1-30	1
Sub-standard grade	31-60	2
Past due but not impaired	61-90	2
Individually impaired	91 or more	3

For non-impaired financial assets:

- **Stage 1** is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (**SICR**) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Issuer compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

- **Stage 2** is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Issuer recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognising 12 months ECL provision.

For impaired financial assets:

Financial assets are classified as **Stage 3** when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans.

Provisioning Requirements and Estimation of Expected Credit Loss

The classification and provisioning requirements under Ind AS are set out below.

Asset Classification	Period of Default	Provisioning Mechanism
Stage 1.	0-30 days past due	PD(1) x LGD(2) x Stage 1 asset
Stage 2.	More than 30 but less than or equal to 90 days past due	PD(1) x LGD(2) x Stage 2 asset
Stage 3.	More than 90 days past due	PD(1) x EAD(3) of Stage 3 asset

Notes:

(1) **PD** is Probability of Default, which is an estimate of the likelihood of default over a given time period. The Issuer uses historical information, where available, to determine PD. Considering the different products and schemes, the Issuer has bifurcated its loan portfolio into various pools. To calculate the ECL for a Stage 1 loan, the Issuer assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. For certain pools, where historical information is available, PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, PD/default rates, as stated by external reporting agencies, are considered.

(2) **LGD** is Loss Given Default, which is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

(3) **EAD** is Exposure at Default, which is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

As at 30 September 2019, INR2,878.51 million of the Issuer's loan assets (as per Ind AS), on a standalone basis were categorised as Stage 3 assets. As at 30 September 2019, the Issuer's Stage 3 assets (gross of provisions, as a percentage of total loan assets) (as per Ind AS) were 1.64 per cent. and its Stage 3 assets (net of Stage 3 provision, as a percentage of net loan assets) (as per Ind AS) were 1.52 per cent., on a standalone basis. As at 30 September 2019, the Issuer made Stage 3 provisions for 8.13 per cent. of its Stage 3 assets, on a standalone basis.

The following tables set forth Stage 3 assets of the Issuer as at the dates indicated.

Standalone as at 30 September 2019 and 2018

The information presented below has been derived from the Ind AS Financial Statements.

	As at 30 September	
	2019	**2018**
	(₹ million, except percentages)	
Stage 3 assets[(1)]	2,878.51	7,674.62
Stage 3 asset net of Stage 3 provision[(2)]	2,644.51	7,028.76
Total loan assets as per Ind AS (gross of provisions)[(3)]	175,046.55	140,305.74
Net loan assets as per Ind AS (net of provisions)[(4)]	173,922.79	139,307.49
Stage 3 assets as a percentage of total loan assets as per Ind AS (gross of provisions) (%)	1.64%	5.47%
Stage 3 asset net of Stage 3 provision as a percentage of net loan assets as per Ind AS (%)	1.52%	5.05%

Notes:

(1) Stage 3 assets include financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means secured and unsecured gross loan portfolio.

(4) Net loan assets as per Ind AS (net of provisions) means total loan assets as adjusted for impairment of loss allowance.

Standalone as at 31 March 2019 and 31 March 2018

The information presented below has been derived from the Ind AS Financial Statements.

	As at 31 March	
	2019	**2018**
	(₹ million, except percentages)	
Stage 3 assets[(1)]	5,636.77	2,254.25
Stage 3 assets, net of Stage 3 provision[(2)]	4,978.23	1,738.06
Total loan assets as per Ind AS (gross of provisions)[(3)]	150,995.19	129,245.89
Net loan assets as per Ind AS (net of provisions)[(4)]	150,051.71	128,407.27
Stage 3 assets as a percentage of total loan assets as per Ind AS (gross of provisions) (%)	3.73%	1.74%
Stage 3 asset net of Stage 3 provision as a percentage of net loan assets as per Ind AS (%)	3.32%	1.35%

Notes:

(1) Stage 3 assets include financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means secured and unsecured gross loan portfolio.

(4) Net loan assets as per Ind AS (net of provisions) means total loan assets as adjusted for impairment of loss allowance.

The following tables set forth, for the periods indicated, information about the Stage 3 assets.

Standalone for the six-months ended 30 September 2019 and 2018

The information presented below has been derived from the Ind AS Financial Statements.

Particulars	**Six-months ended 30 September**	
	2019	**2018**
	(₹ million, except percentages)	
Stage 3 assets opening balance at the beginning of the period(1)	5,636.77	2,254.25
Increase/(decrease)	(2,758.26)	5,420.37
Stage 3 assets at the close of the period	2,878.51	7,674.62
Stage 3 assets, net of Stage 3 provision(2)	2,644.51	7,028.76
Total loan assets as per Ind AS (gross of provisions)(3)	175,046.55	140,305.74
Net loan assets as per Ind AS (net of provisions)(4)	173,922.79	139,307.49
Stage 3 assets, as a percentage of total loan assets as per Ind AS (%) (gross of provisions)	1.64%	5.47%
Stage 3 assets (net of Stage 3 provisions) as a percentage of net loan assets as per Ind AS (net of provisions) (%)	1.52%	5.05%
Stage 3 provisions percentage	8.13%	8.42%

Notes:

(1) Stage 3 assets include financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means secured and unsecured gross loan portfolio.

(4) Net loan assets as per Ind AS (net of provisions) means total loan assets as adjusted for impairment of loss allowance.

Standalone for the years ended 31 March 2019 and 31 March 2018

The information presented below has been derived from the Ind AS Financial Statements.

Particulars	**Year period ended 31 March**	
	2019	**2018**
	(₹ million, except percentages)	
Stage 3 assets opening balance at the beginning of the period(1)	2,254.25	6,237.11
Increase/(decrease)	3,382.52	(3,982.86)
Stage 3 assets at the close of the period	5,636.77	2,254.25
Stage 3 assets, net of Stage 3 provision(2)	4,978.23	1,738.06
Total loan assets as per Ind AS (gross of provisions)(3)	150,995.19	129,245.89
Net loan assets as per Ind AS (net of provisions)(4)	150,051.71	128,407.27
Stage 3 assets as a percentage of total loan assets as per Ind AS (%) (gross of provisions)	3.73%	1.74%
Stage 3 asset (net of Stage 3 provisions) as a percentage of net loan assets as per Ind AS (net of provisions) (%)	3.32%	1.35%
Stage 3 provision percentage	11.68%	22.90%

Notes:

(1) Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means secured and unsecured gross loan portfolio.

(4) Net loan assets as per Ind AS (net of provisions) means total loan assets as adjusted for impairment of loss allowance.

Classification of Assets in accordance with Indian GAAP

As a NBFC operating in India, the Issuer recognises NPAs in accordance with the RBI's stipulated guidelines. A 'standard asset' means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business. A 'non-performing asset' means:

(a) an asset, in respect of which, interest has remained overdue for a period of three months or more;

(b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of three months or more;

(c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of three months or more;

(d) a bill which remains overdue for a period of three months or more;

(e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans/advances, which facility remained overdue for a period of three months or more;

(f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of three months or more;

(g) the lease rental and hire purchase instalment, which has become overdue for a period of three months or more;

(h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

Provided that, in the case of lease and hire purchase transactions, an NBFC may classify each such account on the basis of its record of recovery. The guidelines require NBFCs to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realisation of amounts due in relation to such asset.

Substandard Assets

A 'sub-standard asset' means:

(a) an asset which has been classified as non-performing asset for a period not exceeding 12 months;

(b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

Doubtful Assets

A 'doubtful asset' means:

(a) a term loan, or

(b) a lease asset, or

(c) a hire purchase asset, or

(d) any other asset,

which remains a sub-standard asset for a period exceeding 12 months.

Loss Assets

A 'loss asset' means:

(a) an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the RBI during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and

(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Standalone as at and for the year ended 31 March 2018 and 31 March 2017

The following table sets forth the classification of loan assets of the Issuer, as at the dates indicated below, derived from the Indian GAAP Financial Statements.

	As at 31 March			
	2018		**2017**	
	Amount	**% of Total**	**Amount**	**% of Total**
	(₹ million, except percentages)			
Standard assets(1)	128,539.26	99.46%	113,172.11	97.98%
Non-performing assets(2)	694.58	0.54%	2,337.52	2.02%
(i) Sub-standard assets(3)	249.92	0.19%	2,038.57	1.76%
(ii) Doubtful assets(4)	298.94	0.23%	195.93	0.17%
(iii) Loss assets(5)	145.72	0.11%	103.02	0.09%
Total loan assets	**129,233.84**	**100.00%**	**115,509.63**	**100.00%**

Notes:

(1) For the purposes of this table, the Issuer's standard assets and total loan assets represent the amount of principal outstanding and interest accrued and due on loan assets (excluding advance recoverable from subsidiary).

(2) Non Performing Asset (NPA) is an asset in respect of which interest or principal has remained overdue for a period of 3 months or more.

(3) A sub-standard asset is an asset which has been classified as an NPA for a period not exceeding 12 months or an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(4) A doubtful asset is an asset which remains sub-standard asset for a period exceeding 12 months.

(5) A loss asset is (a) an asset which has been identified as a loss asset by the Issuer or its internal or external auditor or by the RBI during the inspection of the Issuer, to the extent that it is not written off by the Issuer; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

The following table sets forth certain information about NPAs of the Issuer, derived from the Indian GAAP Standalone Financial Statements.[5]

Particulars	**Year ended 31 March**	
	2018	**2017**
	(₹ million, except percentages)	
Opening balance at the beginning of the year	2,337.52	996.41
Increase/(decrease)	(1,642.94)	1,341.11
Gross NPAs[1] at the close of the year	694.58	2,337.52
Net NPAs[2]	427.30	1,972.24
Total loan assets as per Indian GAAP[3]	129,233.84	115,509.63
Net loan assets[4]	128,450.79	114,690.50
Gross NPAs/Total loan assets as per Indian GAAP (%)	0.54%	2.02%
Net NPAs/Net loans (%)	0.33%	1.72%
Total provisions as a percentage of gross NPAs (%)	**38.48%**	**15.63%**

Notes:

(1) Gross NPAs means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.

(2) Net NPA means gross NPA net of provision held for NPA accounts and provision for diminution in fair value of restructured loans.

(3) For the purposes of this table, the Issuer's total loan assets as per Indian GAAP means secured and unsecured gross loan portfolio.

(4) Net loan assets means total loan assets as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.

(5) To be read in conjunction with Non GAAP Financial Measure Reconciliations.

The Reserve Bank of India issued the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "**Stressed Assets Directions**"), which also apply to systemically important non-deposit taking non-banking financial companies, such as the Issuer. The Resolution of Stressed Assets Directions were issued with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets.

The Resolution of Stressed Assets Directions provide that lenders will recognise stress in loan accounts immediately on default by classifying such assets as special mention accounts ("**SMAs**") as set out below.

SMA Sub-Categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between
SMA – 0	1 – 30 days
SMA – 1	31 – 60 days
SMA – 2	61 – 90 days

The Stressed Assets Directions requires the Issuer to put in place policies for resolution of stressed assets, including the timelines for resolution.

- Once a borrower is reported to be in Default (which has been defined under the Stressed Assets Directions as non-payment of debt when the whole or any part or instalment of the debt has become due and payable and is not paid, and for revolving credit facilities, default would also mean the outstanding balance remaining continuously in excess of the sanctioned amount or drawing power, whichever is lower, for more than 30 days), lenders will undertake a review of such borrower's account within 30 days from such default (the "**Review Period**").

- During the Review Period, lenders may decide on a resolution strategy or may choose to initiate legal proceedings for insolvency or recovery. In cases where a resolution plan has been initiated, all lenders are required to enter into an inter-creditor agreement, during the Review Period, to provide for rules for the implementation of the resolution plan for those borrowers with credit facilities from more than one lender.

The Issuer has implemented a Board approved policy for the resolution of stressed assets as mandated by the Stressed Assets Directions. The aforementioned policy complies with the Stressed Assets Directions with respect to criteria including categorisation of stressed assets, reporting requirements, identification of stress, and resolution plans.

Asset Liability Management

The following table sets forth, as at the dates indicated, the asset-liability gap position for the operations of the Issuer, which is based on certain estimates, assumptions, RBI guidelines and its prior experience of the performance of its assets.

Consolidated as at 31 March 2019

The information presented below has been derived from the Ind AS Financial Statements.

Particulars	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	17,091.82	28,698.73	15,704.79	48,926.45	14,020.76	20,342.35	4,440.31	2,831.66	152,056.83
Assets	–	–	–	–	–	–	–	–	–
Advances*	37,552.35	36,869.22	47,844.64	14,805.62	12,825.24	22,739.30	1,628.58	3,854.20	178,119.15
Investments.	–	–	–	–	–	–	–	–	–
Foreign Currency assets (Investment in foreign subsidiary)	–	–	–	–	–	–	–	–	–
Gap (assets – liability) . .	**20,460.53**	**8,170.49**	**32,139.85**	**(34,120.83)**	**(1,195.52)**	**2,396.95**	**(2,811.73)**	**1,022.54**	**26,062.32**

* Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Consolidated as at 31 March 2018 (Ind AS)

The information presented below has been derived from the Ind AS Financial Statements.

	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	4,934.88	34,477.76	38,764.74	12,012.78	14,182.05	18,007.02	2,063.26	487.35	124,929.86
Assets	–	–	–	–	–	–	–	–	–
Advances*	33,809.72	33,384.43	47,709.67	10,881.94	10,118.68	11,060.22	2,544.43	2,929.56	152,438.65
Investments.	–	–	–	–	–	–	–	–	–
Foreign Currency assets (Investment in foreign subsidiary.	–	–	–	–	–	–	–	–	–
Gap (assets – liability) . .	**28,874.84**	**(1,093.33)**	**8,944.92**	**(1,130.84)**	**(4,063.37)**	**(6,946.80)**	**481.17**	**2,442.21**	**27,508.79**

* Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Standalone as at 31 March 2018 (Indian GAAP)

The information below has been derived from the Indian GAAP Financial Statements.

Particulars	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	3,910.81	33,037.61	37,464.70	7,143.80	8,579.20	10,756.19	67.90	–	100,960.21
Foreign currency liabilities	–	–	–	–	–	1,446.21	–	–	1,446.21
Assets	–	–	–	–	–	–	–	–	–
Advances*	33,504.54	31,661.20	46,211.20	6,131.60	2,576.80	6,968.50	2,168.40	11.60	129,233.84
Investments	50.00	–	–	–	–	–	–	3,699.78	3,749.78
Foreign Currency assets (Investment in foreign subsidiary	–	–	–	–	–	–	–	–	–
Gap (assets – liability)	**29,643.73**	**(1,376.41)**	**8,746.50**	**(1,012.20)**	**(6,002.40)**	**(5,233.90)**	**2,100.50**	**3,711.38**	**30,577.20**

* Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity

Standalone as at 31 March 2017

The information below has been derived from the Indian GAAP Financial Statements.

Particulars	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	14,420.04	20,124.48	16,771.97	4,777.65	10,794.14	17,844.06	211.25	35.01	84,978.60
Foreign Currency Liabilities	4,258.75	–	955.43	–	–	1,438.99	–	–	6,653.17
Assets	–								
Advances*	43,009.30	30,841.33	37,751.89	398.26	779.82	2,301.27	377.12	50.64	115,509.63
Investments	–	–	–	–	–	50.00	–	3,191.92	3,241.92
Foreign Currency assets (Investment in foreign subsidiary	–	–	–	–	–	–	–	–	–
Gap (assets – liability)	**24,330.51**	**10,716.85**	**20,024.49**	**(4,379.39)**	**(10,014.32)**	**(16,931.78)**	**165.87**	**3,207.55**	**27,119.78**

* Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity

Recovery of Stage 3 Assets and NPAs

The credit department of the Issuer assigns interest collection targets for each branch, reviews performance against targets, makes visits to the branches, and advises on timely corrective measures and repossession action. The Issue also has procedures in place to penalise branches for loans overdue beyond three months. The Issuer maintains strict control over recovery procedures followed at its various branches by linking employee compensation to the performance of the branch (loans disbursed, levels of NPAs or Stage 3 assets, etc.) in which such employee is working. Once repossession is advised by the credit department, the Issuer conducts public auctions of the jewellery held as collateral after serving the necessary legal notices.

Gold Loans, as a product class, have one of the lowest NPA ratios. Further, by its high quality, secure and liquid nature of the collateral pledged for the Gold Loans, the NPAs do not result in losses because the Issuer can auction the collateral and generally recover the amount due. The amount of bed debts of the Issuer written off as compared to its NPA is insignificant.

Consolidated for the six months ended 30 September 2019 and 30 September 2018, and for the year ended 31 March 2019, 31 March 2018 and 31 March 2017

	Six-months ended 30 September		Fiscal year		
	2019	**2018**	**2019**	**2018**	**2017**
	(₹ in millions, except for percentage)				
Bad debts written off	152.09	52.58	153.42	318.14	313.21
Gross loan portfolio.	212,272.17	169,260.82	179,562.25	154,134.22	115,509.63
% of bad debts written off to gross loan portfolio	0.07	0.03	0.09	0.21	0.27

Capital Adequacy

All systemically important NBFCs are required by the NBFC Master Directions to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00 per cent. of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a part of its governance policy, the Issuer ordinarily maintains capital adequacy higher than the statutorily prescribed CRAR. As at 30 September 2019, the Issuer's capital adequacy ratio, computed as per Ind AS and on the basis of the NBFC Master Directions, was 21.91 per cent. compared to the minimum capital adequacy requirement of 15.00 per cent. stipulated by the RBI. The total Tier I capital, as at that date, was 21.52 per cent. compared to the minimum Tier I capital requirement of 12.00 per cent. stipulated by the RBI for NBFCs primarily engaged in lending against gold jewellery. In addition, the NBFC Master Directions require that the total of the Tier II capital of a non-deposit taking NBFC should not exceed 100 per cent. of its Tier I capital.

The tables below set forth certain key financial information and ratios, as of and for the six-months ended 30 September 2019 and 30 September 2018 and as of and for the years ended 2019, 2018 and 2017, in relation to the capital adequacy of the Issuer computed as per the applicable RBI requirements.

Standalone as at and for the six-months ended 30 September 2019 and 30 September 2018

The information presented below has been derived from the Ind AS Financial Statements.

Particulars	**As at and for the six-months ended 30 September**	
	2019	**2018**
	(₹ million, except where otherwise indicated)	
CRAR[(1)]	21.91	25.76
CRAR – Tier I capital	21.52	25.35
CRAR – Tier II capital	0.38	0.41
Borrowings[(3)]	154,004.37	113,536.73
Cash and cash equivalents	11,676.29	2,996.89
Net worth[(4)]	48,066.17	40,838.80
Debt to equity ratio[(2)]	3.20	2.78

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(2) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(3) Borrowings includes debt securities and subordinated liabilities.

(4) Net worth comprises equity share capital and other equity.

Standalone as at and for the years ended 31 March 2019 and 31 March 2018

The information presented below has been derived from the Ind AS Financial Statements.

Particulars	**As at and for the year ended 31 March**	
	2019	**2018**
	(₹ million, except where otherwise indicated)	
CRAR[(1)]	23.65	26.98
CRAR – Tier I capital	23.27	26.59
CRAR – Tier II capital	0.38	0.39
Borrowings[(3)]	127,426.12	102,378.31
Cash and cash equivalents (as per the cash flow statement)	2,934.54	2,902.23
Net worth[(4)]	43,921.61	38,125.58
Debt to equity ratio[(2)]	2.90	2.69

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(2) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(3) Borrowings includes debt securities and subordinated liabilities.

(4) Net worth comprises equity share capital and other equity.

Standalone as at 31 March 2018 and 31 March 2017

The information below has been derived from the Indian GAAP Financial Statements.

Particulars	As at and for the year ended 31 March	
	2018	2017
	(₹ million, except percentages)	
CRAR[(1)]	26.98	26.12
CRAR – Tier I capital	26.59	25.73
CRAR – Tier II capital	0.39	0.39
Borrowings[(3)]	102,406.42	91,631.77
Cash and cash equivalents (as per the cash flow statement)	4,431.88	3,187.19
Net worth[(5)]	38,144.83	33,107.53
Debt to equity ratio[(2)]	2.68	2.77

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(2) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(3) Borrowings includes debt securities and subordinated liabilities.

(4) Net worth comprises equity share capital and other equity.

(5) Net worth comprises of equity share capital and reserve and surplus.

Risk Management

Risk management forms an integral element of the business. The risk management policy which was originally approved by the Board of Directors of the Issuer ("**Board**") on 4 December 2007 was revised, re-drafted and approved by the Board on 7 February 2014. Given the changes in the business environment and increase in competition, the Issuer has revised its risk management policy, effective from 8 February 2014. As a lending institution, the Issuer is exposed to various risks that are related to its Gold Loans business, including volatility in gold prices, regulatory directives and operating environment. For instance, gold prices have historically been volatile and difficult to predict. In order to reduce its exposure to volatile gold prices, which have historically proved challenging, the Issuer decided to change its strategy in Fiscal 2015. The Issuer introduced short tenure gold loans and over the last couple of years has managed to shift its entire Gold Loans portfolio to the short-term bucket of three months tenure (as against the earlier standard tenure of one year) in order to delink the Gold Loans business from the prices of Gold and the volatility in the gold prices.

The objective in its risk management processes is to ensure growth with profitability within the limits of risk absorption capacity and the Issuer does so through its risk management architecture. The major types of risk the Issuer faces in its business are collateral risk, credit risk, operational risk, information technology risk, market risk, business cycle risk and residual risks including risks relating to regulatory, compliance, competition and reputation.

Collateral Risk

Collateral risk is the risk of loss arising from mismatch or errors in the pricing of the gold collateral securing the Gold Loans extended to the customers.

As per RBI's requirement, the Issuer does not exceed the maximum allowable LTV of 75.00 per cent. of the gold content of the Gold Loan collateral. The Issuer also maintains its management information system that highlights areas where the loan plus accrued interest has exceeded the market value/realizable value of the gold collateral, which is available at its branches and offices to take prompt recovery steps. The Issuer also reviews daily the international and domestic gold price movements, thereby allowing it to decide whether to adjust accordingly the maximum LTV and take appropriate steps if the price of the gold moves beyond its prescribed range. The Issuer also maintains schemes with a combination of high and low LTV loan schemes to manage the concentration risks.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with the Issuer. Credit risk in the Gold Loan business is relatively low because all the loans are adequately collateralised with pledged gold. The Issuer aims to reduce credit risk through a rigorous structured gold appraisal and loan sanction process, an effective system for monitoring the credit portfolio and recovery of dues. Credit risk is relatively low as the gold jewellery (pledged) as security for the loans are largely household used jewellery which carry the emotional attachment of the borrower due to which defaults are lesser in number. In any case they can be readily liquidated, and the possibility of any loss is relatively low.

The Issuer also manages credit risk by restricting loans in excess of specified limits to a single customer. For high value loans (loan amounts exceeding a certain limit), the Issuer undertakes a credit check on the borrower before higher exposure is assumed. The methodology for fixation of loan to value or loan per gram is fixed in a manner so as to even out any large fluctuations.

The internal control system ensures independent verification of gold at the branch level for all loans. The level of verification at the branch level increases with the quantity of gold pledged. In addition, the quality of gold is checked by the area head through random checks conducted during branch visits. Post-disbursement of loan, analysis of daily disbursements is undertaken by skilled officials to identify risk prone accounts which are then subsequently verified by experienced internal auditors within the shortest possible time.

Operational Risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. The Issuer has instituted a series of checks and balances and internal audit reviews to address the various operational risks.

Loans are considered only after proper KYC procedures for which detailed instructions have been issued and its compliance monitored.

The Issuer has also detailed guidelines/procedures on the custody of cash or gold to address custodial risk, which is a risk associated with the safety and security of gold inventory. All pledged gold and cash holdings are suitably and adequately insured with reputed insurance companies to cover burglary risks.

Process definitions and internal controls also aid in controlling operational risk. For instance, the branch head and the assistant branch head are the joint custodians of the pledged gold and cash, indicating that the strong rooms or vaults can only be opened if both the keys held by two different officials are operated at the same time. The Issuer has also installed surveillance cameras across all its branches supplemented with security guards from internally approved agencies all through the day. The Issuer also has policies that require employee rotation in the assignments, and undertakes adequate employee profiling and background verification checks before hiring. Fidelity Insurance cover has also been taken to protect the Issuer from employee frauds.

Information Technology Risk

Information technology ("**IT**") risk occurs on account of data theft, hacking, viruses, malware and failure of IT systems. To mitigate this risk, the Issuer has adopted a comprehensive IT policy covering data security, intrusion detection and intrusion prevention, user level security, disaster recovery, infrastructure and application management. The Issuer has effectively centralized the control of business transactions to ensure strict compliance with the policies and practices across all its branches.

In terms of data security, integrity and confidentiality of data is maintained in the core banking solution system. Critical business applications are protected from external access. Other measures implemented to mitigate IT risk includes the installation of antivirus package and controlling the use of internet and external storage and unauthorized software.

Market Risk

Market risk arises from any decline in the value of the security due to adverse fluctuation in gold prices. This risk (to a great extent) is mitigated by the adequate margins the Issuer builds into its loan to value/loan per gram used to calculate the loan amount, as well as by linking the LTV calculation to the 90 day average price of gold. No loan is granted against the embedded stones/gems. A prompt and effective recovery mechanism implementation has helped the Issuer to minimise this risk.

Market risk also arises on account of variations in interest rates on borrowings availed by the Issuer since interest is payable on the Gold Loans at a predetermined rate. This risk is mitigated by periodically reviewing the interest rates charged on the Gold Loans, extending only short-term loans which correlate to the interest rate payable on borrowings availed by it.

The liquidity risk associated with the business is mitigated by suitably matching the tenure of assets and liabilities. Gold Loans, typically remain outstanding for an average tenor of two months. Funding of these Gold Loans is through a combination of equity, short term borrowings and liability products. The Issuer has also implemented a robust collection and recovery mechanism and cash management system, ensuring adequate undrawn borrowing limits to meet contingencies, investing surplus funds in liquid investments in approved institutions and schemes, reducing the level of non-performing loans.

Business Cycle Risk

Business cycle risk is the risk associated with the seasonal or cyclical nature of a business. As its customers include both individuals and business and the loan products are used by customers in various industries, trade cycles have limited impact on the Issuer's business. Furthermore, the Issuer believes that the geographic spread of its branches will allow it to mitigate the cyclical pressures in the economic circumstances of different regions.

Risk Management Architecture

In order to address the risks that are inherent to its business, the Issuer has developed a risk management architecture that includes a Risk Management Committee, Risk Management Department, Internal Audit Department and Vigilance Department.

- *Risk Management Committee*: the Risk Management Committee, which is led by the chairman of the Audit Committee, oversees the risk management policies, which help the Issuer in identifying, measuring, monitoring and mitigating the various risks in its business.

- *Internal Audit Department*: the Internal Audit Department assists in the management of operational risk using the centralized monitoring systems. Separate divisions of the Internal Audit Department have been put in place to handle the audit of the departments of the head office and those of the branch offices. The audit of the head office is divided into two categories: (i) system and compliance audit; and (ii) accounts audit. Further, all branches are subject to audit inspections by Internal Audit Department from time to time.

- *Vigilance Department*: the Issuer has also put in place a separate department for vigilance inspections. The vigilance team conducts surprise inspections of high/medium risk branches and other branches based on any report or detection of serious deviations or irregularities and undertakes the responsibility of visiting branches to oversee the implementation of risk mitigation initiatives and improvement of customer service.

- *Risk Management Department*: the Risk Management Department identifies and analyzes risks issues across the Issuer and implements the risk management policy.

Treasury Operations

The treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and monitors cash and bank balances. The Issuer has in place various policies and procedures to allot and transfer cash to its branches. The objective is to ensure sufficient cash reserves at all its branches while at the same time avoid holding cash in excess of what may be required in the ordinary course. The Issuer maintains an average of INR3.37 million per branch in cash across its branches. Each regional office has the primary responsibility for directing branches within the region to move surplus funds to deficit branches. If there is a surplus of funds in the region as a whole, such surpluses are deposited in cash credit/overdraft accounts at the corporate level. Deficits at a regional level are managed by cash transfers from the treasury department. The Issuer monitors cash and balances on daily basis using its management information systems, and has arrangements with various banks for the transfer of bank balances between locations. Cost of movement of cash also is taken into consideration while deciding optimum cash levels in each location. The Issuer uses a real time gross settlement ("**RTGS**") facility if the remitting and receiving banks are different, or through internal transfer if both the branches belong to the same bank. The Issuer also uses cash van services for delivery and collection of cash to and from certain of its branches.

Technology

The IT support system of the Issuer aids the performance of various processes involved in a loan transaction. For example, at the pre-disbursement stage, KYC details as well as other details of customer appraisal are entered and stored in the system for future reference. All the details contained in the documents that are relevant to a loan transaction are entered into the system. The system filters the transaction at each level to confirm whether a particular set of pledged jewellery meets the required specifications.

Once the inputs to arrive at the net weight are entered into the system, the system generates the net weight as well as the loan advance that can be made against it under the several schemes that the Issuer offers. Once the customer chooses the scheme, an entry to that effect is made and a pawn ticket is generated.

With respect to the post-disbursement phase, the interest due on each loan at any given point in time after disbursement is generated by the system. If the loan is settled by the customer prior to maturity, the system calculates the amount repayable and also records the repayment and recovery of the pledge. When a loan matures, the system indicates the same and the Issuer subsequently notifies the customer.

The system generates a list of all loans that are overdue on a particular date. All details of the sale process of forfeited jewellery are also entered into the system.

The business, though carried on across the country, is controlled centrally at the head office. All transactions of pledging and release that occur in all branches are recorded and results are generated on a real time basis by the internal IT infrastructure. Access to this data is restricted to certain designated personnel and alerts are passed on to the concerned regional head upon the occurrence of specified events.

Up-to-date information on gold inventory and cash reserves in each branch helps the Issuer track its liquidity position and plan for shortfalls well in advance. The Issuer is able to avert liquidity shortfalls in any particular branch by transferring cash from one branch to another. In this manner, it ensures that each branch is centrally managed by the head office and off-site surveillance of each branch is an ongoing process.

Additionally, the Issuer has entered into an information management services agreement with third parties for the maintenance of physical records of certain documents.

Security Threats and Measures

The security threats the Issuer faces can be broadly classified as external and internal threats. The principal security risks to its operations are robbery (external threat) and employee theft or fraud (internal threat). The Issuer has extensive security and surveillance systems and dedicated security personnel to counter external security threats. In order to mitigate internal threats, the Issuer undertakes careful pre-employment screening, including obtaining references before appointment. The Issuer has also installed management information systems in order to minimise the scope for employee theft or fraud. Further, the Issuer has also installed offsite surveillance cameras across its branches, which are connected to a centrally located database and allow the corporate office to remotely monitor the branches.

To protect against robberies, all branch employees work behind wooden, glass and steel counters, and the back office, strong-room and computer areas are locked and closed to customers. Each branch's security measures include strong rooms with concrete walls, strong room door made of iron bars, burglary alarm systems, controlled entry to teller areas, and the tracking of employee movement in and out of secured areas. While Issuer has around the clock armed security guards for risk prone branches, the majority of its branches do not require security guards as the gold jewellery is stored securely in strong rooms.

Internal Audit and Control Procedures

Since the Issuer handles high volumes of cash and gold jewellery at its locations, daily monitoring, spot audits and immediate responses to irregularities are critical to its operations. The Issuer has an internal auditing programme that includes unannounced branch audits and cash counts at randomly selected branches. The internal audit function adopts a risk-based audit approach and conducts audits on branches on weekly or fortnightly or monthly basis depending on the size of the branch. The internal audit system annually rates the risk exposure at the branches from "low risk" to "very high risk".

The internal audit function is independent and reports only to the Audit Committee. The internal auditors undertake a comprehensive audit of all functional areas and operations, with their findings being outlined in the report to the Audit Committee. The Audit Committee reviews the performance of the internal audit function on a quarterly basis, gives direction to its functionaries and reviews effectiveness of internal control systems. It recommends improvements in operational processes and suggests streamlining of controls against various risks. It continuously evaluates the adequacy and effectiveness of the internal controls, adherence to policies and procedures as well as legal and regulatory requirements. As at 30 September 2019, the internal audit team had 444 personnel.

Competition

The Issuer faces competition from pawnshops, other gold financing companies, banks, co-operative societies and local money lenders. Other lenders may lend money on an unsecured basis, at interest rates that may have lower service charges and terms that may be more favourable than the Issuer's. The Issuer believes that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to loan competitive amounts at competitive rates.

Insurance

The Issuer maintains a range of insurance policies to cover its assets, risks and liabilities. Since the Issuer deals in gold financing, money in the form of cash and other assets form an integral part of its business. The most vital insurance policies that the Issuer purchases include policies on gold in storage and transit, cash in storage and transit, burglary, machinery break-down insurance for all its machinery and electronic equipment, fire and special perils policy. However, the cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours. In addition, the Issuer also has fidelity insurance covering all its employees, as well as a directors' and officers' liability insurance covering its Directors. For all its branches, the Issuer maintains insurance cover under its name. The Issuer considers its insurance coverage to be adequate and as and when the business is expanded, it endeavours to ensure that adequate insurance is obtained.

Employees and Training

As of 30 September 2019, the Issuer had 20,847 employees on a standalone basis and 26,392 employees on a consolidated basis.

The Issuer has not experienced any significant labour disputes and believes that relations with its employees are satisfactory. The Issuer has established training programmes for its employees on a continuous basis and intends to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, the Issuer provides employees courses in specific areas or specialised operations on an as-needed basis. The Issuer has skilled labourers and experienced personnel, particularly in the process of gold appraisal and determination of purity of the gold. In 2009, it adopted an employee stock option scheme which was further revised in the year 2016.

Remuneration to its employees comprises a fixed component as well as variable pay. Variable pay consists of direct incentives and shared incentives. The direct and shared incentives are linked to performance targets being achieved by employees and branches. The Issuer has an annual performance appraisal system for all employees. Annual increments are awarded only for employees who meet minimum performance standards in their job.

The ability to timely appraise the quality of the gold jewellery collateral is critical to the business and requires the Issuer to employ persons possessing specialised skill sets at its various branches. The Issuer provides extensive training to the branch employees through training programmes that are tailored to appraising the gold content in gold jewellery.

Every new employee is introduced to the business through an orientation programme and through training programmes covering appropriate topics relevant to their function. The experienced branch employees receive additional training and an introduction to the fundamentals of management to acquire the skills necessary to move into management positions within the organisation. Manager training involves a programme that includes additional management principles and more extensive training in topics such as income maximisation, business development, staff motivation, customer relations and cost efficiency. The Issuer has opened two management academies, one each in New Delhi and Kochi. The Issuer also has regional training centres at each of its regional offices. The academy serves as a management development centre focusing on developing its future managers and leaders.

Intellectual Property Rights

The trademark in the Manappuram logo is held by one of the Promoters of the Issuer, V.P. Nandakumar and the trade name "Manappuram" is held by the Issuer. The Issuer has entered into a trademark licencing agreement dated 18 December 2007 ("**Trademark Licencing Agreement**") with V. P. Nandakumar for the use of the Manappuram logo for a period of 10 years on a non-exclusive and non-assignable basis. Further, the Issuer has received a no-objection letter dated 1 September 2018 from its Promoter, V.P. Nandakumar for continuous use of the logo by the Issuer and its Subsidiaries in terms of the Trademark Licencing Agreement.

Subsidiary Companies

Asirvad Microfinance Limited

Asirvad, being an NBFC operating as a micro finance institution (NBFC – MFI) is a majority-owned subsidiary of the Issuer. Asirvad provides mainly three types of loans, namely income generating programme loan, product loan and SME loan with an average tenure of up to 24 months.

The AUM of this business increased by 57.68% during Fiscal Year 2019 while comparing to 2018. This growth was an outcome of multiple factors such as healthy addition of new customers aggregation, enhanced reach via a balanced mix of branch-led expansion as well as more client acquisition via the online/digital platforms. As at 31 March 2019, Asirvad has an extensive network of 1,027 branches spread across 23 states and union territories with a customer base of 1.99 million persons and gross NPAs of 0.86 per cent. to total AUM (AUM constitutes gross loan portfolio, securitization and direct assignment).

Manappuram Home Finance Limited ("MHFL")

MHFL focuses on affordable housing loans and aims to cater to the needs of mid-income to low-income group. The housing finance business registered 38.49% growth in its AUM in Fiscal 2019. Currently, there are 46 branches across six states including Maharashtra, Gujarat, Tamil Nadu, Kerala, Andhra Pradesh, Rajasthan and Karnataka. The Western region contributes the largest share of the MHFL loan portfolio.

Manappuram Insurance Brokers Pvt. Limited ("MAIBRO")

The wholly owned Subsidiary of the Issuer, MAIBRO provides insurance broking services for all leading players and has entered into tie-ups with various insurance companies.

Manappuram Comptech and Consultants Limited ("MACOM")

A Subsidiary of the Issuer, MACOM is engaged in the business of rendering IT support services, software development, support in hardware maintenance, network support, data centre management and software application.

Legal Proceedings and statutory defaults

The Issuer is party to various legal proceedings including civil cases, consumer cases and disputes in relation to the branch premises taken on lease by the Company, which arise in the ordinary course of its operations. Except as disclosed below, the Issuer is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations of the Issuer.

Criminal Cases against the Issuer and V. P. Nandakumar

Presently, there are certain criminal proceedings instituted by various third parties against the Issuer, V. P. Nandakumar, Managing Director and Chief Executive Officer, and others, on the grounds of, *inter alia*, (i) refusal to release pledge created by the complainant with the Issuer, (ii) dishonest misappropriation and disposal of pledged gold, (iii) charging of exorbitant rates of interest, (iv) wrongful retention of custody of gold ornaments pledged with the Issuer by the complainant, (v) conducting illegal auctions of the complainant's pledged gold ornaments, and (vi) unauthorised disposal of gold pledged with the Issuer by the complainant,. In respect of some of these proceedings, the Issuer has filed quashing petitions for quashing the case against V. P. Nandakumar. Pursuant to the quashing petitions, stay has been granted by the court, in respect of these proceedings. These matters are currently pending before the relevant courts at various stages.

Writ Petitions filed against the Issuer and V. P. Nandakumar

Presently, certain writ petitions have been filed by various third parties against the Issuer, V. P. Nandakumar, Managing Director and Chief Executive Officer of the Issuer, and others, before the high courts of various States seeking issuance of appropriate writs (i) for initiating necessary action in law, against the Issuer under the provisions of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004, (ii) for cancellation of the license/permission issued to the Issuer by the RBI on grounds of violation of guidelines, directions, circulars, etc. issued by RBI, (iii) to direct the RBI to ensure compliance of its guidelines by the Issuer, and (iv) directing the Issuer to, inter alia, (a) handover the gold pledged by the petitioner at specified interest rates, (b) consider and treat the suspension period of the petitioner as unsuspended and payment of salary in respect of such period and (c) not auction the gold pledged by the petitioner without notice. These matters are currently pending.

RBI Proceedings

1. The RBI had received a complaint against the Issuer, lodged by Ms. Sreekala Anil (the "**Petitioner**"). The Petitioner had instituted criminal proceedings against the Issuer on the grounds that the Petitioner was given deposit slips for Manappuram Agro Farms, a proprietary concern of V. P. Nandakumar in respect of the money deposited with the Issuer which the Petitioner sought to renew. The Petitioner alleged that since the Issuer was no longer allowed to accept deposits from the public, the Issuer had illegally transferred the deposits to a non-existing company without the knowledge of the depositors. The Issuer had obtained anticipatory bail for V.P. Nandakumar, The Petitioner had also sought an RBI enquiry into the matter. The RBI advised the Issuer to stop using the branches of the Issuer to cross sell the products of the group companies, related companies and firms of V.P. Nandakumar and ensure that the Issuer maintains an arm's length relationship with its sister concerns and related firms, and directed the Issuer to immediately desist from allowing the use of the Issuer's premises, branches or officials by Manappuram Agro Farms or any other entity for accepting deposits from the public or for any other financial activity and to also clarify in the public domain the names of its group entities which were regulated by RBI. The Issuer responded to the RBI clarifying its position and informed the RBI that as of April 1, 2018, the total outstanding deposits laying in escrow account was INR1.25 million. Further, Manappuram Agro Farms has issued demand drafts to the customers for INR1.20 million since April 1, 2018 and consequently, as of September 24, 2018, the outstanding deposit laying in the escrow account is INR0.05 million. The RBI pursuant to its letter dated January 01, 2015 confirmed its acknowledgement of the various quarterly status reports submitted by the Issuer with regard to the deposits collected by Manappuram Agro Farms and also stated that the reply to the show cause notice submitted by the Issuer is largely acceptable.

2. The RBI had through its letter dated August 11, 2017 issued a show cause notice to the Issuer in respect of (i) the non-declaration by the Issuer of the reserve price during the auction of gold ornaments pledged by the Customer; (ii) non-intimation to customers in the event of any change in the purity of gold as assessed by the company subsequent to a disbursement of the loan; (iii) splitting of high value loans greater than INR0.1 million so that the loan disbursements made above INR0.1 million are made in cash (including the issue of uncrossed cheques while disbursing loans above INR0.1 million) against which cash was withdrawn across bank counters by customers; (iv) post auction intimation sent to customers which did not mention details such as the date of the auction, the venue, the breakup of claim towards principal, interest and other charges recovered during auction (including not conducting auctions at designated branches on specified dates despite advertising the same). The Issuer submitted a detailed reply to RBI providing necessary clarifications on the points observed along with supporting documents in this regard and also provided necessary clarifications and explanations to RBI in the personal hearing granted to the Issuer by RBI. Pursuant to this, the RBI *vide* its letter dated March 28, 2018 advised the Issuer to strictly follow the extant instructions of RBI pertaining to declaration of reserve price, certification of purity of gold, conduct of auction process, post auction intimation letter and disbursement of loan amount in cash, compliance of which will be continuously monitored by the RBI.

SEBI Proceedings and Queries

1. SEBI Adjudicating Officer, Enquiries and Adjudication Department (EAD) vide EAD-3 notice dated May 29, 2019 issued Show Cause Notice ("**SCN**") to the Issuer and other persons including V. P. Nandakumar, B. N. Raveendra Babu, I Unnikrishnan, Sachin Agrawal, Rajesh Kumar K and Ambit Capital Private Limited for the alleged violations of certain regulations under SEBI (Prohibition of Insider Trading Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading Trading) Regulations, 2015, Clause 36 of the listing agreement along with Section 21 of Securities Contract Regulation Act, 1956, Section 12A(c) of SEBI Act, 1992 read with certain Regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 as more specifically provided in the SCN. SEBI had conducted investigation in the matter of selective disclosure of unpublished price sensitive information by the Issuer for period from March 01, 2013 to March 20, 2013 and had directed the Issuer to submit their reply with regard to their respective alleged violations mentioned in the SCN. The Issuer informed SEBI of its intention to file settlement application which was accepted by SEBI. The Issuer also submitted a detailed reply to SEBI on all the violations alleged against the Issuer and certain SCN notices. Further, the Issuer also submitted an application for settlement under Section 3 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. The Issuer was notified about this matter being transferred to another adjudicating officer and owing to the same, was granted an opportunity of a personal hearing to be held on September 19, 2019. In the personal hearing granted to the Issuer, the Issuer submitted that an application for settlement has been filed by the Issuer and that the Issuer would like to wait for the outcome in respect of the same before proceeding with the matter on merit. The matter is currently pending.

2. SEBI has pursuant to its letter dated August 12, 2014, and February 24, 2015, sought clarifications on the Issuer's position on 'status of compliance with revised clause 49 of the equity listing agreement' and 'the appointment of a women director', respectively. The Issuer has responded to SEBI confirming compliance with the abovementioned requirements. No further communication has been received from SEBI.

3. SEBI has by its letter dated May 30, 2014 observed that there have been delays in processing of rematerialisation requests of investors of the Issuer on accounts of delays by the Issuer in issuing signed share certificates. The Issuer has clarified that the delay was on account of non-availability of stationery since the relevant debenture issuance was only in dematerialised form and there were delays in collection of the original demat register from

the office of the registrar and transfer agent. As corrective measures, the Issuer has proposed allotment of debentures in physical and dematerialised form, designating a senior manager to co-ordinate with the registrar and transfer agent and ensuring that sufficient copies of the share certificates are available with the registrar and transfer agent. No further communication has been received from SEBI.

4. The SEBI has pursuant to emails dated December 26, 2013 observed the probability of the Issuer reporting a negative profit for the quarter ended March 31, 2013 and sought information with respect to when the Issuer could ascertain that it would be reporting a loss of up to INR500 million, the names and addresses of the persons who were aware of the expected loss before the official announcement was made to the market on March 20, 2013, the details of trading by the persons on the scrip of the Issuer and the details of the services availed by the Issuer from Ambit Capital Private Limited. The Issuer has sent clarificatory responses to SEBI in this regard.

5. The Issuer has received SEBI's letter dated September 2, 2013 seeking information in relation to certain directions issued by RBI and had sought information on (i) whether the Issuer had formulated a "code of internal procedure and conduct" and a "code of corporate disclosure practices" in accordance with SEBI directives, (ii) whether requisite permissions under these codes for dealing in the Issuer's securities were obtained, and (ii) the time of opening and closing of trading window for the period January 1, 2012 to February 29, 2012, along with copies of circulars, guidelines and press notes issued. The Issuer has responded to each of these queries. No further communication has been received from SEBI.

6. The SEBI has pursuant to its letter dated August 17, 2012, sought information from the Issuer with respect to acceptance of deposits, correspondence on this matter between the Issuer and RBI, clarification on whether the Issuer or any of its top management had any relationship with certain persons mentioned in the letter. The Issuer has responded to each query raised by SEBI. No further communication has been received from SEBI. Further, SEBI has, pursuant to its letter dated October 19, 2015 to V.P. Nandakumar, also sought information pertaining to operations of Manappuram Agro Farms, its books of accounts, bank accounts including escrow account details among other particulars under the subject of allegation of fund raising in violation of the provisions of SEBI (Collective Investment Schemes) Regulations, 1999 ("**CIS Regulations**") and SEBI Act. V.P. Nandakumar provided the detailed reply along with relevant/supporting documents as sought by SEBI. SEBI has not yet reverted on the reply provided by V.P. Nandakumar.

7. The SEBI has pursuant to its emails dated March 5, 2014 and March 11, 2014, requested for certain information relating to Manappuram Agro Farms, including, its bank account statements from October 1, 2011 to February 29, 2012, its audited financial statements for Financial Year 2011-12, along with certain other clarifications in respect of, *inter alia*, the insider trading policies and transfer of the Issuer's shares. The Issuer has responded to the emails providing clarifications to SEBI. No further communication has been received from SEBI.

Tax Related Proceedings

The Issuer is also involved in certain tax claims related to direct and indirect taxes. As of October 31, 2019, the amount involved in these cases (excluding amounts already paid in respect of appeals filed by the Issuer and outstanding tax amounts reduced by the relevant tax authorities in respect of tax refunds, etc.) aggregate to INR1,291.65 million.

Corporate Social Responsibility

The Issuer emphasises on social and community service, which it feels is essential for building sustainable businesses that create market value, as well as social value. Manappuram Foundation, a charitable trust, promoted by one of its Promoters, V.P. Nandakumar was registered on 24 October 2009 under the name, the Manappuram Foundation ("**Manappuram Foundation**") at Valapad. As required under the Companies Act, the Issuer has implemented a Corporate Social Responsibility ("**CSR**") Policy and constituted a CSR Committee. In furtherance to its commitment to corporate social responsibility, the Issuer has extended financial assistance to the Manappuram Foundation, which contributes towards various social causes during the course of its operations.

Manappuram Foundation works with the vision of achieving healthy, educated and happy communities. In the ten years of its existence, the Manappuram Foundation has initiated and/or sponsored several projects in various segments including healthcare, education, skill training, empowerment of women and care for the elderly. The Issuer believes that, it has been able to make a visible difference to the local community predominantly in the coastal belt of Thrissur district. Manappuram Foundation now plans to extend its reach and work with communities across all the states where the Issuer has its presence.

BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Board of Directors

The Board consists of 8 Directors. As per the Issuer's Articles of Association, the Issuer shall not have less than 3 Directors and not more than 15 Directors.

The following table sets forth details regarding the Board of Directors as of the date of this Offering Circular.

Sr. No.	Name	Age	Designation
1	**Jagdish Capoor**	80	Independent and Non-Executive Chairman
2	**V.P. Nandakumar**	65	Managing Director and Chief Executive Officer
3	**B.N. Raveendra Babu**	67	Executive Director
4	**P. Manomohanan**	78	Independent and Non-Executive Director
5	**V.R. Ramachandran**	66	Independent and Non-Executive Director
6	**Gautam Narayan**	40	Non-Executive Director
7	**Sutapa Banerjee**	54	Independent and Non-Executive Director
8	**Abhijit Sen**	69	Independent and Non-Executive Director

Biographies of the Directors

Jagdish Capoor, aged 80 years, is the Independent and Non-Executive Chairman of the Issuer. He is a graduate in Commerce from Agra University and has also done a fellowship from the Indian Institute of Banking and Finance. He has over 40 years of work experience in banking and finance. He is the former Deputy Governor of the Reserve Bank of India ("**RBI**"), former Chairman of HDFC Bank Limited, former Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India and the Bombay Stock Exchange Limited and also a Director on the Boards of several commercial banks. Currently, he is on the Boards of Nitesh Estates Limited, LIC Housing Finance Limited, Spandana Sphoorty Financial Limited, Assets Care and Reconstruction Enterprise Limited, LIC Pension Fund Limited, HDFC Securities Limited, Quantum Trustee Company Private Limited, LICHFL Trustee Company Private Limited, AGS Transact Technologies Limited, India Transact Services Limited and Banyan Tree Bank, Mauritius. He is the Chairman of Quantum Trustee Company Private Limited.

V.P. Nandakumar, aged 65 years, is the Managing Director and Chief Executive Officer of the Issuer. He holds a postgraduate in science with additional qualifications in Banking and Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank Limited. In 1986, he resigned from the erstwhile Nedungadi Bank Limited to take over the family business. In 1992, he was promoted in Manappuram Finance Limited as a Director and has been a Director of the Issuer since then. Nandakumar is a Managing Committee member of leading trade and industry associations such as Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry (FICCI). He was also the Chairman of the Kerala state counsel of the Confederation of Indian Industry (CII). Recently, he was one of the 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018.

B.N. Raveendra Babu, aged 67 years, is an Executive Director of the Issuer. He holds a master's degree in Commerce from the Calicut University and completed his internship from the Institute of Certified Management Accountants. Prior to joining the Manappuram Group, he occupied senior positions in Finance and Accounts in various organisations in the Middle East. He has been the Director of the Issuer since 15 July 1992. He was appointed as the Joint Managing Director on 11 January 2020 and redesignated as Executive Director on 19 May 2012.

P. Manomohanan, aged 78 years, is an Independent and Non-Executive Director of the Issuer. He holds a Bachelor's degree in Commerce from Kerala University and a Diploma in Industrial finance from Indian Institute of Bankers and is also a Certified associate of the Indian Institute of Bankers. He has over 42 years of work experience in the RBI and in the regulatory aspects of non-banking financial institutions. He retired as the General Manager of the RBI, Department of Banking Supervision, Trivandrum and served in the Board of the South Indian Bank Limited and the Federal Bank Limited.

V.R. Ramachandran, aged 66 years, is an Independent and Non-Executive Director of the Issuer. He holds a Bachelor's degree in science from Calicut University and a bachelor's degree in law from Kerala University. He has over 36 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association.

Gautam Narayan, aged 40 years, is a Non-Executive Director of the Issuer. He is a Chartered Accountant with a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He is a partner with Apax Partners LLP and leads investment in financial services and business services in India. He is actively involved in the not-for-profit sector and contributes in a Board or in an advisory capacity to the Mann Deshi Foundation, which is focused on development of women entrepreneurs in rural Maharashtra, and Toolbox India Foundation which is focused on capacity building services. He was recognised among the 40 under 40 business leaders by the Economics Times in 2017.

Sutapa Banerjee, aged 54, is an Independent and Non-Executive Director of the Issuer. She is a gold medalist in economics from the XLRI School of Management, and is an Economics graduate from the Presidency College Kolkata. She has spent close to 24 years in the financial services industry in two large multinational banks, ANZ Grindlays Bank and ABN AMRO Bank N.V., and a boutique Indian investment bank, Ambit where she built and headed several businesses. She was voted as one of the "Top 21 Global Rising Stars of Wealth Management" by the Institutional Investor Group in 2007 – the only Indian and the one of the only two winners from Asia.

Abhijit Sen, aged 69 years, is an Independent Director of the Issuer. He currently acts as a part-time senior advisor for E&Y, India, in their banking and financial services sector and sits on the boards of several companies including Kalyani Forge Ltd, Trent Ltd, U Gro Capital Limited, Ujjivan Micro-Finance Ltd., Veritas India Pvt. Ltd and Cashpor Microcredit, including chairing the Audit Committees of Kalyani Forge Ltd, Trent Ltd and U Gro Capital. He was previously Chief Financial Officer of Citibank, Indian Subcontinent, was on the board for the National Securities Depository Ltd and various Citi entities such as Citicorp Finance India Ltd, and was an external advisor to General Atlantic. He holds a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.

Relationship with other Directors

None of the Directors are related each other.

Borrowing powers of the Board

Pursuant to a resolution dated 27 August 2019 passed by the shareholders of the Issuer in the annual general meeting of the Issuer, in accordance with provisions of the Companies Act, 2013 (the "**Act**"), the Board has been authorised to borrow up to INR250,000 million, apart from temporary loans obtained or to be obtained from the Issuer's bankers in the ordinary course of business, notwithstanding that such borrowings may exceed the aggregate of the paid-up share capital and free reserves of the Issuer.

Biographies of the key managerial personnel

The details of the key management personnel other than the Issuer's Managing Director, as of the date of this Offering Circular, are set out below:

V.P. Nandakumar, aged 65 years, is the Managing Director and Chief Executive Officer of the Issuer. He holds a postgraduate in science with additional qualifications in Banking and Foreign Trade. Immediately after completing his education, he joined the erstwhile Nedungadi Bank Limited. In 1986, he resigned from the erstwhile Nedungadi Bank Limited to take over the family business. In 1992, he promoted Manappuram Finance Limited and has been a director of the Issuer since then. V.P. Nandakumar is a Managing Committee member of leading trade and industry associations such as Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry. He is also a past Chairman of the Kerala state council of the Confederation of Indian Industry (CII). Recently, he was one of the 16 finalists shortlisted for the EY Entrepreneur of the Year Awards 2017 that was held at Mumbai in February 2018.

B.N. Raveendra Babu, aged 67 years, is an Executive Director of the Issuer. He holds a master's degree in commerce from the Calicut University and completed his inter from the Institute of Certified Management Accountants. Prior to joining Manappuram Group, he occupied senior positions in Finance and Accounts in various organisations in the Middle East. He has been the Director of the Issuer since 15 July 1992. He was appointed as the Joint Managing Director on 11 January 2010 and was appointed Executive Director on 19 May 2012.

Bindu A.L., aged 45 years, is the Chief Financial Officer of the Issuer with effect from 3 January 2019. She is a fellow member of the Institute of Chartered Accountants of India. She joined the internal audit department of Manappuram Finance Ltd in 1998, and was in charge of starting the gold loan business of the Issuer in January 1999. She has been managing the finances of the Issuer for the last 21 years.

Manoj Kumar VR, aged 45 years, is the Company Secretary of the Issuer. He joined the Issuer on 1 December 2018 and was appointed as the Company Secretary with effect from 5 January 2019. He is a fellow member of the Institute of Company Secretaries in India and has 14 years of experience as the company secretary for KSFE Limited. He also worked as a company secretary in KIMS Hospital Thiruvanthapuram. He is involved in the corporate secretarial decisions of the Issuer.

Corporate governance

The Issuer has in place processes and systems whereby it complies with the corporate governance requirements as provided in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**Listing**

Regulations"). The Issuer is in compliance with the requirements in relation to the composition of the Board of Directors and constitution of committees as mandated in the Act and the Listing Regulations.

Committees of the Board of Directors

The Board of Directors has constituted committees, which function in accordance with the terms of reference as approved by the Board and the relevant provisions of the Act, the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**RBI Master Direction**"), and the Listing Regulations. These are: (i) Audit Committee; (ii) Nomination, Compensation and Corporate Governance Committee; (iii) Stakeholders Relationship and Securities Transfer Committee; (iv) Corporate Social Responsibility Committee; (v) Risk Management Committee; (vi) Asset-Liability Management Committee; (vii) Financial Resource and Management Committee; and (viii) Debenture Committee.

Committee	Members
Audit Committee	Abhijit Sen (C), Sutapa Banerjee, Jagdish Capoor, P. Manomohanan, Gautam Narayan
Nomination, Compensation and Corporate Governance Committee	Sutapa Banerjee (C), Jagdish Capoor, Gautam Narayan
Stakeholders Relationship and Securities Transfer Committee	V.R. Ramchandran (C), V.P. Nandakumar, B.N. Raveendra Babu, P. Manomohanan
Corporate Social Responsibility Committee . . .	Sutapa Banerjee (C), V.P. Nandakumar, V.R. Ramchandran
Risk Management Committee.	Abhijit Sen (C), Sutapa Banerjee, V.P. Nandakumar, B.N. Raveendra Babu, P. Manomohanan, Gautam Narayan, Jagdish Capoor
Financial Resource and Management Committee	V.P. Nandakumar, B.N. Raveendra Babu, P. Manomohanan, V.R. Ramchandran
Debenture Committee.	V.P. Nandakumar, B.N. Raveendra Babu

Note:

(C) means Chairperson of the Committee.

Audit Committee

The Audit Committee was reconstituted *vide* board resolution dated 6 November 2019. It is a qualified and independent committee constituted under Section 177 of the Act and Regulation 18 of the Listing Regulations and in compliance with the RBI Master Direction.

The functions of the Audit Committee include:

(i) Overseeing the Issuer's financial reporting process and its disclosure of financial information to ensure that its financial statements are correct, sufficient and credible;

(ii) Recommending to the Board of the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee;

(iii) Approving payment to statutory auditors for any other services rendered by the statutory auditors;

(iv) Reviewing, with the management, the Issuer's annual financial statements before submission to the Board for approval with particular reference to:

    (a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (C) of Sub-section 3 of Section 134 of the Act;

    (b) Changes if any in accounting policies and practices and reasons for such changes;

    (c) Major accounting entries involving estimates based on the exercise of judgment by the management;

    (d) Significant adjustment made in the financial statement arising out of audit findings;

    (e) Compliance with listing and other legal requirements relating to the financial statements;

    (f) Disclosure of any related party transactions; and

    (g) Qualifications in the draft audit report.

(v) Reviewing, with the management, the Issuer's quarterly financial statements before submission to the Board for approval;

(vi) Reviewing, with the management, the statement of uses or 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 or 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;

(vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(viii) Approving or, subsequently, modifying transactions of the company with related parties;

(ix) Scrutinising inter-corporate loans and investments;

(x) Valuating undertakings or assets of the company, wherever it is necessary;

(xi) Evaluating internal financial controls and risk management systems;

(xii) Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system;

(xiii) Reviewing adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, and reporting on structure coverage and frequency of internal audit;

(xiv) Discussing with internal auditors on any significant findings and follow-up thereon;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting such matters to the Board;

(xvi) Discussing 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;

(xvii) Investigating reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in cases of non-payment of declared dividends) and creditors;

(xviii) Reviewing the function of the whistle blower mechanism in case such mechanism exists;

(xix) Approving the 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;

(xx) Monitoring the end use of funds raised through public offers and related matters; and

(xxi) Carrying out any other function as mentioned in the terms of reference of audit committee.

Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee was reconstituted *vide* board resolution dated 6 November 2019. It was constituted in compliance with Section 178 of the Act, Regulation 19 of the Listing Regulations and the RBI Master Direction. It oversees compliance with the Reserve Bank of India's Circular No. DNBS/PD/CC/94/03.10.042/2006-07 dated 8 May 2007 to ensure that experienced persons are appointed as directors.

The functions of the Nomination, Compensation and Corporate Governance Committee include:

(i) Role on nomination

   (a) Formulating a broader policy on the qualifications, experiences and other positive attributes for the selection of executive or whole-time directors;

   (b) Formulating guiding principles on the "fit and proper" criteria for the appointment of independent Directors, taking into account the diversity quotient the Board shall maintain from time to time and subject to the applicable regulatory requirements;

(c) Filling vacancies of the Board including positions of executive or whole-time directors in a timely manner;

(d) Selecting directors, key management personnel and persons to be appointed in senior management positions as defined by the board and recommend to the Board for their appointment and removal thereof.

(ii) Role on fixing remuneration and evaluating performance

(a) Formulating policy relating to the remuneration of directors, key managerial personnel and other employees from time to time and recommending such policies to the Board for its approval;

The policy as aforesaid shall be formulated to ensure that–

(I) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of required competence to run the company successfully;

(II) Relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and

(III) Remuneration to directors, key managerial personnel and senior management reflects a balance between fixed and incentive pay and short- and long-term performance objectives appropriate to the working of the Issuer and its goals;

(b) Reviewing the performance of individual directors of the Issuer on a yearly basis at the end of each financial year or at such periodicity as the Committee deems fit, and recommending to the Board on the basis of such review, whether a director is to be recommended for re-appointment;

(c) Reviewing the performance of executive or whole-time directors of the Issuer and fixing suitable compensation packages in consideration of their performance and contributions, the general business environment in which the Issuer operates and the Issuer's financial position. The remuneration packages may comprise a combination of fixed and performance-based bonuses or incentives for the period under review; and

(d) Reviewing, along with the management, the performance of key managerial personnel and senior management persons on a periodical basis and fixing their remuneration packages in accordance with the policies approved by the Board.

(iii) Role on ensuring compliance of governance standards

(a) Ensuring that at all times the Board has a fair combination of independent, nonexecutive and executive directors meeting the governance standards set by the Board and in compliance with regulatory requirements and listing agreements etc. prevailing from time to time;

(b) Ensuring that the organisation structure and flow of command meets the governance standard set for the internal management of the Issuer;

(c) Evaluating and implementing proper mechanism for refreshment trainings for directors on relevant subjects;

(d) Evaluating and implementing proper mechanism to ensure the independence of independent directors is maintained, and ensuring that there are no circumstances which may or which have given rise to the loss of independence of any directors of the Issuer;

(e) Implementing, subject to the provisions of applicable laws, policies and procedures for determining the retirement and re-appointment of independent and other directors on the Board;

(f) Ensuring that at all times the sub-committees of the Board function and are constituted according to the regulatory requirements and governance policies of the Issuer;

(g) Overseeing the overall governance standards and policies and delegation of authority of the Issuer, and assessing if they comply with the best practices of the Issuer, having regard to the size of the size and operations of the Issuer, as are necessary to protect the interests of all stakeholders.

(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 laws, rules, regulations, orders or directions of any statutory or regulatory bodies including stock exchanges where the securities of the Issuer are listed.

Stakeholders Relationship and Security Transfer Committee

The Stakeholders Relationship and Security Transfer Committee was reconstituted *vide* board resolutions dated 25 May 2017.

The Stakeholders Grievance Committee, which was later re-designated as the Stakeholder Relationship Committee, was constituted in line with Regulation 20 of the Listing Regulations and Section 178 of the Act. The Committee monitors the securities holders, and ensures quick redressal of investor complaints associated with transfer, transmission or dematerialisation of shares, and non-receipt of annual report, notice, declared dividends, interests, redemption amount, balance sheet and dividend warrants etc.

The Securities Transfer Committee was constituted to comply with the provisions of Section 46 of the Act read with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014. It approves transfers and transmissions, etc. of securities and issues split and duplicate certificates of securities issued by the Issuer.

The Board at its meeting held on 25 May 2017 merged the Securities Transfer Committee into the Stakeholders Relationship Committee. This was to ensure that both the Stakeholder Relationship Committee and the Securities Transfer Committee have functions primarily aimed at serving the securities holders of the Issuer, in compliance with provisions of the Listing Regulations and the Act and the rules made thereunder.

Terms of reference of the Stakeholders Relationship and Security Transfer Committee include, *inter alia*, approving or authenticating security transfer requisitions submitted by the registrar and transfer agent in respect of listed securities, and the transfer requisitions submitted to the Issuer in respect of unlisted securities; monitoring investor complaints or grievances; redressing investor complaints associated with the transfer, transmission or dematerialisation of shares, non-receipt of balance sheet, and dividend warrants etc..

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted *vide* board resolution dated 6 November 2019, in compliance with Section 135 of the Act.

The Committee is responsible for recommending projects to the Board. It monitors corporate social responsibility ("**CSR**") projects and reporting and develops CSR policies. A brief outline of the Corporate Social Responsibility Policy ("**CSRP**") indicating the activities to be undertaken by the Issuer, which has been approved by the Board, is annexed with the Board's report.

The functions of the Corporate Social Responsibility Committee include:

(i) Reviewing and recommending any new CSR initiatives to be taken up by the Issuer, including selection or appointment of implementation agencies;

(ii) Reviewing the progress of CSR projects already undertaken by the Issuer and the utilisation of budgets for each such project;

(iii) Reviewing and recommending the CSR report to be included in the Board's report;

(iv) Reviewing and recommending any amendments to be made in the CSRP of the Issuer; and

(v) Carrying such other functions as may be delegated to it by the Board relating to CSR activities of the Issuer.

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted *vide* board resolutions dated 5 November, 2015, in line with provisions of the RBI Master Direction and the Asset Liability Management ("**ALM"**) System for NBFCs – Guidelines. RBI has stipulated templates for reporting structural liquidity (ALM-1), dynamic liquidity (ALM-2), and interest rate sensitivity (ALM-3) and provided indictive formats for compiling the figures. ALCO will use the indicative formats for compiling the figure and the reports on ALM 1, ALM 2 and ALM 3 for reviewing the liquidity and interest rate interest. The member-secretary will arrange for convening the meetings of the Committee as and when needed depending on necessity.

Terms of reference of the Asset Liability Management Committee include:

(i) Managing long-term and short-term liquidity positions;

(ii) Reviewing ALM returns to be submitted to RBI;

(iii) Determining the disposal of surplus funds of the Issuer for shorter durations;

(iv) Pricing products of the Issuer, taking into account the cost and benefit analysis both on the asset side and the liability side of the balance sheet;

(v) Considering and discharging other functions as necessary for the day to day management of the Issuer.

Risk Management Committee

The Risk Management Committee was reconstituted *vide* board resolution dated 6 November 2019, in compliance with Regulation 21 of the Listing Regulations and the RBI Master Direction.

The Risk Management Committee, among other functions, reviews the Risk Management Policy, documents and improves the risk management practices, ensures appropriate or adequate reporting to the Board, manages integrated risks, and reviews the functioning of the Risk Management Department and any other matters as the Committee may deem fit. The Committee is also involved in reviewing on an ongoing basis the measures adopted by the Issuer for the identification, measurement, monitoring and mitigation of the risks involved in the various business activities carried on by the Issuer. The Committee meets at least twice a year and reports to the Board.

Financial Resources and Management Committee

The Financial Resources and Management Committee was reconstituted *vide* board resolutions dated 5 October 2016.

The Committee's function is to oversee and deal with the following operational matters from time to time:

(i) Investments

(a) Deliberating and make recommendations to the Board on all transactions and matters relating to the business or investments of the Issuer; and

(b) Disposing short term surpluses of the Issuer in eligible short-term investment instruments and securities with a maturity period of not more than one year as recommended by the asset liability management committee of the Issuer or in compliance of any statutory obligations, or disposing cash collaterals as part of lending arrangement or as caution deposits, and authorising officers or directors for such purposes.

(ii) Financial Arrangements

(a) Approving financial arrangements such as working capital demand loans, assignment of receivables of the Issuer and buyout of portfolios etc. with banks and other financial institutions, including the signing of documents for facilities that are within the borrowing powers of the Board;

(b) Approving the creation of any mortgages, charges or other encumbrances over the Issuer's properties or assets for the above purposes;

(c) Approving or permitting the Issuer to issue or provide any form of guarantee or indemnity or other financial or non-financial support in its ordinary course of business;

(d) Considering the issue of commercial papers and other short term or long-term instruments for raising funds from the market;

(e) Authorise changes in signatories in respect of accounts maintained by the company with banks and other financial institutions; and

(f) Authorising the opening, operation and closing of bank accounts in different centres for different branches.

(iii) Allotment of Debentures and Bonds

Approving the allotment of debentures and bonds issued by the Issuer within the overall limit set for the issue and creation, modification or satisfaction of mortgages or charges on such debentures or bonds as the case may be.

(iv) Others

(a) Authorising officers of the Issuer to make registration applications under different enactments including employee welfare, fiscal and other municipal or local or subordinate legislations;

(b) Authorising officers of the Issuer to grant power of attorneys or resolutions so as to enable them to represent before the government, judicial or quasi-judicial bodies or other authorities for the purpose of obtaining sanctions, approvals or other permissions on such matters affecting the business of the Issuer;

(c) Authorising officers of the Issuer to grant power of attorneys or resolutions for matters in connection with day-to-day business activities including the opening of branches etc.

(v) Reporting to the Board

Presenting a summary of the businesses transacted by the Committee as initialled by the Issuer Secretary to the succeeding board meeting for the purpose of noting and recording.

(vi) Auctioneers

Handling all matters relating to the appointment, renewal of terms of appointment or termination of appointment of auctioneers for conducting auctions in accordance with the auction policy of the Issuer and the extant regulations or guidelines issued by RBI from time to time.

Debenture Committee

The Debenture Committee was reconstituted *vide* board resolutions dated 9 August 2018.

Terms of reference of Debenture Committee include:

(i) Authorising any director(s) of the Issuer or other officer(s) of the Issuer, such as by the grant of power of attorneys, to do such acts, deeds and things as such authorised person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of bonds;

(ii) Giving or authorising the giving by concerned persons of declarations, affidavits, certificates, consents and authorities as may be required from time to time;

(iii) Appointing the lead managers to the issue bonds in accordance with the provisions of the Debt Regulations;

(iv) Obtaining, if required, approvals, consents or waivers from the Issuer's lenders, and/or parties with whom the Issuer has entered into various commercial and other agreements, and/or any concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the bonds;

(v) Deciding, approving, modifying or altering the pricing and terms of the bonds, and all other related matters, including determining the size of the bond issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;

(vi) Approving or amending the draft and final prospectus or disclosure document in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines;

(vii) Seeking listings of the bonds on any Indian stock exchange, submitting listing applications to such stock exchanges and taking all actions that may be necessary in connection with obtaining such listings;

(viii) Appointing the registrar and other intermediaries in connection with the Issue, in accordance with the provisions of the Debt Regulations;

(ix) Finalising and arranging for the submission to the stock exchange(s) of the draft prospectus, and any corrigendum, amendments supplements thereto;

(x) Appointing the debenture trustee and executing the trust deed in connection with the Issue, in accordance with the provisions of the Debt Regulations;

(xi) Authorising the maintenance of the register of holders of the bonds;

(xii) Finalising the basis of allotment of the bonds including in the event of over-subscription;

(xiii) Finalising allotment of the bonds on the basis of the applications received;

(xiv) Accepting and appropriating the proceeds of the issue; and

(xv) Performing any other acts and/or deed, negotiating and executing any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates, and/or to giving such directions as the Committee deems fit or as may be necessary or desirable with regard to the issue.

PRINCIPAL SHAREHOLDERS

(A) The following table sets forth the shareholding of the Promoters as at 30 September 2019:

SI No.	Shareholders name	No. of Equity Shares held as at 30 September 2019		
		Number of Equity Shares	Percentage of total number of Equity Shares of the Company	% of Equity Shares pledged/ encumbered to total number of Equity Shares
1	Nandakumar VP	243,672,171	28.896	3.377
2	Sushama Nandakumar	48,001,078	5.692	0.000
3	Jyothi	4,462,165	0.529	0.000
4	Suhas Nandan	17,051	0.002	0.000
5	Sooraj Nandan	3,674	0.000	0.000
	Total	**296,156,139**	**35.120**	**3.377**

(B) The following table sets forth the shareholding of the top 10 shareholders (other than Promoters) as at 30 September 2019:

SI No.	Name	Shareholding as at 30 September 2019	
		Number of Equity Shares	Percentage of Total Number of Shares of the Company*
1	Quinag Acquisition (FPI) Ltd	83,785,880	9.936
2	Baring India Private Equity Fund III	47,616,584	5.647
3	Barclays Merchant Bank (Singapore) Ltd.	31,276,276	3.709
4	Fidelity Investment Trust Fidelity	26,565,494	3.150
5	Baring India Private Equity Fund II Limited	26,385,006	3.129
6	DSP Small Cap Fund and DSP MIDCAP	19,279,057	2.286
7	Duro One Investments Limited	19,237,275	2.281
8	L&T Mutual Fund Trustee Ltd	11,209,251	1.329
9	Dolly Khanna	6,750,150	0.800
10	EMERGING MARKETS CORE EQUITY PORTFOLIO	6,723,216	0.797
11	DIMENSIONAL EMERGING MARKETS VALUE FUND	6,688,245	0.793

* Calculation based on total number of Equity Shares as at 30 September 2019

DESCRIPTION OF ASSETS AND LIABILITIES

Unless otherwise stated, the financial information of the Issuer used in this section has been derived from, and should be read together with, the financial statements of the Issuer, including the notes thereto, included elsewhere in this Offering Circular and the section "Business" of this Offering Circular, to the extent that the financial performance and financial condition is discussed in those sections.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the interest-earning assets.

Consolidated for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	Year ended 31 March		Six-Months ended 30 September
	2018	2019	2019
	(₹ million, except percentages)		
Particulars			
Total income from interest-earning assets	33,684.48	40,228.43	23,978.48
Interest expense	10,304.47	13,194.40	8,048.90
Average interest-earning assets	147,143.69	176,018.66	210,542.13
Average interest-bearing liabilities	117,968.84	139,511.91	168,207.40
Net interest income	23,380.01	27,034.03	15,929.59
Average total assets	160,063.86	187,418.07	223,653.04
Average interest-earning assets as a percentage of average total assets (%)	91.93%	93.92%	94.14%
Average interest-bearing liabilities as a percentage of average total assets (%)	73.70%	74.44%	75.21%
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	124.73%	126.17%	125.17%
Yield on average interest-bearing assets(1), (11)	22.89%	22.85%	22.78%
Cost of borrowings (%)(2), (11)	8.73%	9.46%	9.57%
Cost of funds (%)(3), (11)	10.31%	10.89%	10.79%
Spread (%)(4), (11)	14.16%	13.40%	13.21%
NIM (%)(5), (11)*	12.59%	11.96%	11.99%
Cost to income ratio (%)(6)	59.07%	51.20%	47.40%
Dividend payout ratio (%)(7)	29.93%	23.68%	16.60%
Opex to average total assets ratio (%)(8), (11)	8.82%	7.64%	7.02%

Notes:

(1) Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, expressed as a percentage.

(2) Interest earning assets means Gross loan portfolio, securitisation and direct assignment.

(3) Average interest earning assets means average of opening and closing of Interest earning assets.

(4) Cost of borrowings is the ratio of interest expense for the period to average interest-bearing liabilities, expressed as a percentage.

(5) Cost of funds is the ratio of interest expense and dividend payout to the average total funds of the Issuer (being the equity share capital and interest bearing liabilities), expressed as a percentage.

(6) Spread is the difference between yield on average interest-earning assets and cost of borrowings.

(7) NIM is the difference between yield on average interest-earning assets and cost of funds.

(8) Cost to income ratio refers to the ratio of total operating expenses (including employee benefits expenses, other operating expense, depreciation and amortisation, fee and commission expense and impairment of financial assets) to the net income (revenue from operations less finance costs).

(9) Dividend payout ratio refers to ratio of total dividend for the year (including dividend distribution tax) to profits after tax attributable to the equity shareholders of the Company.

(10) Opex to average total assets ratio refers to the ratio of total operating expenses to average total assets.

(11) Annualised for 30 September 2019.

Consolidated for the years ended 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.[11]

	Year ended 31 March	
	2017	**2018**
	(₹ million, except percentages)	
Particulars		
Total income from interest-earning assets	33,762.45	33,821.82
Finance cost	11,687.05	10,276.64
Average interest-earning assets	125,420.21	147,013.17
Average interest-bearing liabilities	103,120.28	117,911.93
Net interest income	22,075.40	23,545.18
Average total assets	139,956.64	161,924.07
Average interest-earning assets as a percentage of average total assets (%)	89.61%	90.79%
Average interest-bearing liabilities as a percentage of average total assets (%)	73.68%	72.82%
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	121.63%	124.68%
Yield on average interest-bearing assets[1]	26.92%	23.01%
Cost of borrowings (%)[2]	11.33%	8.72%
Cost of funds (%)[3]	9.32%	10.29%
Spread (%)[4]	15.59%	14.29%
NIM (%)[5]*	17.60%	12.72%
Cost to income ratio (%)[6]	43.73%	59.77%
Dividend payout ratio (%)[7]	20.10%	30.32%
Opex to average total assets ratio (%)[8]	6.90%	8.84%

Notes:

(1) Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, expressed as a percentage.

(2) Interest earning assets means Gross loan portfolio, securitisation and direct assignment.

(3) Average interest earning assets means average of opening and closing of Interest earning assets.

(4) Cost of borrowings is the ratio of interest expense for the period to average interest-bearing liabilities, expressed as a percentage.

(5) Cost of funds is the ratio of interest expense and dividend payout to average total funds of the Issuer (being the equity share capital and interest bearing liabilities), expressed as a percentage.

(6) Spread is the difference between yield on average interest-earning assets and cost of borrowings.

(7) NIM is the difference between yield on average interest-earning assets and cost of funds.

(8) Cost to income ratio refers to the ratio of total operating expenses (including employee benefits expenses, other operating expenses and depreciation and amortisation expense) to the net income (revenue from operations less finance costs).

(9) Dividend payout ratio refers to ratio of total dividend for the year (including dividend distribution tax) to profit after tax attributable to the equity shareholders of the Issuer.

(10) Opex to average total assets ratio refers to the ratio of total operating expenses to average total assets.

(11) To be read in conjunction with Non GAAP Financial Measure Reconciliations.

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated.

Consolidated for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	Year ended 31 March		Six months ended 30 September
	2018	2019	2019
	(₹ million, except percentages)		
Particulars			
Average total assets[(1)]	160,063.86	187,418.07	223,653.04
Average shareholders' equity[(2)]	35,882.55	41,689.45	47,901.37
Net Profit[(6)]	6,771.90	9,224.10	6,737.01
Return on Equity (Net profit to average shareholders' equity) (%)[(3), (7)]	18.87%	22.13%	28.13%
Return on Assets (Net profit to average total assets) (%)[(4), (7)]	4.23%	4.92%	6.02%
Average shareholders' equity as a percentage of average total assets (%)	22.42%	22.24%	21.42%

Notes:

(1) Average total assets represent the simple average of total assets[(5)] as at the beginning and the end of the relevant period.

(2) Average shareholders' equity represents the simple average of shareholders' equity excluding minority interest as at the beginning and the end of the relevant period.

(3) Return on Equity is calculated as Net Profit for the period divided by average shareholders' equity, expressed as a percentage.

(4) Return on Assets is calculated as Net Profit for the period divided by average total assets for the period, expressed as a percentage.

(5) Total assets represent total assets of the balance sheet.

(6) Net profit represents net profit after tax attributable to the equity shareholders of the company.

(7) Annualised for 30 September 2019.

Consolidated for the years ended 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.[6]

	Year ended 31 March	
	2017	2018
	(₹ million, except percentages)	
Particulars		
Average total assets[1]	139,956.64	161,924.07
Average shareholders' equity[2]	30,599.16	35,990.00
Net Profit[5]	7,584.90	6,684.08
Return on Equity (Net profit to average shareholders' equity) (%)[3]	24.70%	18.57%
Return on Assets (Net profit to average total assets) (%)[4]	5.40%	4.13%
Average shareholders' equity as a percentage of average total assets (%)	21.86%	22.23%

Notes:

(1) Average total assets represent the simple average of total assets as at the beginning and the end of the relevant period.

(2) Average shareholders' equity represents the simple average of shareholders' equity excluding minority interest as at the beginning and the end of the relevant period.

(3) Return on Equity is calculated as Net Profit for the period divided by average shareholders' equity, expressed as a percentage.

(4) Return on Assets is calculated as Net Profit for the period divided by average total assets for the period, expressed as a percentage.

(5) Net profit represents net profit after tax attributable to the equity shareholders of the company.

(6) To be read in conjunction with Non GAAP Financial Measure Reconciliations.

Interest Coverage Ratio

The following tables set forth the interest coverage ratios for the periods indicated.

Consolidated for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	Year ended 31 March		Six months ended 30 September
	2018	2019	2019
	(₹ million, except percentages)		
Interest Coverage Ratio			
Net profit before tax (A)	10,369.01	14,272.93	9,288.60
Non-cash expenses – depreciation, amortisation and impairment on financial instruments (includes provision for Stage 3 assets written off (net of recoveries) and contingent provisions against standard assets (net)) (B)	2,455.75	1,213.27	1,453.20
Interest expense (C)	10,304.47	13,194.40	8,048.90
Total (D = (A) + (B) + (C))	23,129.23	28,680.60	18,790.70
Interest coverage Ratio (E = (D)/(C))	2.24	2.17	2.33

Consolidated for the years ended 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	Year ended 31 March	
	2017	2018
	(₹ million, except percentages)	
Interest Coverage Ratio		
Net profit before tax (A)	11,657.20	10,170.09
Non-cash expenses – depreciation, amortisation and impairment on financial instruments (includes provision for loan assets/bad debts written off (net of recoveries) and contingent provisions against standard assets (net)) (B)	1,712.88	2,784.07
Interest expense (C)[(1)]	11,687.05	10,276.64
Total (D = (A) + (B) + (C))	25,067.92	23,230.80
Interest coverage Ratio (E = (D)/(C))	2.14	2.26

(1) Represents finance cost.

Investment Portfolio

The following tables set forth, as at the dates indicated, information related to the investments.

Consolidated as at 31 March 2018, 31 March 2019 and 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at 31 March 2018	As at 31 March 2019	As at 30 September 2019
	₹ million	*₹ million*	*₹ million*
Investments			
Government securities	–	–	–
Other approved securities	–	–	–
Mutual fund investments	–	–	–
Debenture, bonds and other debt instruments	50	1,746.24	1,301.19
Shares	0.53	0.53	0.58
Total	50.53	1,746.77	1,301.77

* Above represents gross investment excluding impairment loss allowance.

Consolidated as at 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	As at 31 March 2017	As at 31 March 2018
	(₹ million)	*(₹ million)*
Investments		
Government securities	–	–
Other approved securities	–	–
Mutual fund investments	–	–
Debentures and bonds	50	50
Shares	0.53	0.53
Others	–	–
Total	50.53	50.53

* Above represents gross investment excluding impairment loss allowance.

Investment Maturity Profile

The table below sets forth, as at 31 March 2019, the residual maturity profile of the government and debt securities and their market yields.

The information presented below has been derived from the standalone financial statement (as per Ind AS).

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total*
Borrowings	9,831.15	12,429.39	3,210.83	40,127.63	4,111.32	5,468.72	615.09	2,156.85	77,951.00
Foreign Currency Term Loan	–	1,021.95	–	–	510.90	–	–	–	1,532.85
Debt Security	6,758.14	13,881.54	11,605.80	5,066.12	3,169.85	5,198.99	1,611.49	595.88	47,887.81
Subordinated Debts	0.62	0.17	0.21	3.19	1.48	43.78	5.01	–	54.45
Advances	36,705.36	35,747.13	47,434.16	11,789.96	6,352.75	10,871.86	1,093.75	56.74	150,051.71
Investments	–	–	–	–	–	–	–	10,108.45	10,108.45

* Amount represents net balance after the adjustments on account of Indian Accounting Standards.

Loan Portfolio

As at 31 March 2019, the gross loan portfolio of the Issuer (on a standalone basis) was INR150,995.19 million (as per IND AS) and all gross loans by the Issuer were to borrowers in India and were denominated in Indian Rupees. For a description of the loan products of the Issuer, see "*Business*".

The following tables set forth, as at the dates indicated, certain details in relation to the gross loan portfolio of the Issuer classified by product groups.

Consolidated as at ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at 31 March				As at 30 September	
	2018		2019		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ million)		*(₹ million)*		*(₹ million)*	
Classification of Loans and Advances						
Gold loans	117,363.93	76.99%	129,615.16	72.77%	151,683.37	72.12%
Other loans:						
Corporate loan	5,497.92	3.61%	9,300.59	5.22%	7,363.88	3.50%
Business loan	52.76	0.03%	48.08	0.03%	7.27	0.00%
Other loans.	31,219.62	20.48%	40,598.42	22.79%	53,217.65	25.30%
Total Other loans.	**36,770.30**	24.12%	**49,947.09**	28.04%	60,588.80	28.81%
Total	154,134.23	101.11%	179,562.25	100.81%	212,272.17	100.93%
Less: Impairment Loss Allowance.	1,695.57	1.11%	1,443.10	0.81%	1,951.82	0.93%
Total	152,438.66	100.00%	178,119.15	100.00%	210,320.35	100.00%

As at 30 September 2019, 31 March 2019, 30 September 2018 and 31 March 2018, the Issuer's Securitised and Direct Assignment Loan pool were INR 14,424.72 million, INR 14,825.13 million, INR3,388.72 million and INR 3,515.72 million respectively. The Issuer's consolidated AUM were INR 226,696.90 million, INR 194,387.37 million, INR172,649.53 and INR 157,649.94 million as at 30 September 2019, 31 March 2019, 30 September 2018 and 31 March 2018 respectively.

Consolidated as at 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	As at 31 March			
	2017		2018	
	Amount	% of Total	Amount	% of Total
	(₹ million)		*(₹ million)*	
Classification of Loans and Advances				
Gold loans	111,245.34	82.76%	117,349.82	76.96%
Other loans:				
Corporate loan	798.13	0.59%	5,545.78	3.64%
Other loans.	23,786.63	17.70%	31,091.48	20.39%
Total Other loans	**24,584.76**	18.29%	**36,637.26**	24.03%
Total	**135,830.10**	101.05%	**153,987.08**	100.99%
Less: Provision for Standard Assets/ NPA	1,406.55	1.05%	1,514.09	0.99%
Total	134,423.55	100.00%	152,472.99	100.00%

The Issuer's Securitised and Direct Assignment Loan pool was INR 741.84 million and Gross Loan portfolio was INR 136,571.94 million as at 31 March 2017.

Concentration of Customers

As at 31 March 2019 and 31 March 2018, the largest borrower accounted for approximately 0.50 per cent. and 0.53 per cent., respectively, of the total consolidated outstanding loan assets (principal amount), as per Ind AS. As at the same dates, the 20 largest individual borrowers in the aggregate accounted for approximately 3.57 per cent. and 5.37 per cent., respectively, of the total standalone outstanding loan assets, as per Ind AS. As at 31 March 2018 and 31 March 2017, the largest borrower accounted for approximately 0.53 per cent. and 0.07 per cent., respectively, of the total consolidated outstanding loan assets, as per Indian GAAP. As at the same dates, the 20 largest individual borrowers in the aggregate accounted for approximately 3.31 per cent. and 0.76 per cent., respectively, of the total standalone outstanding loan assets, as per Indian GAAP.

Employee and Branch Productivity

The following tables set forth, as at the dates indicated and for the periods then ended, certain details in relation to the employee and branch productivity of the Issuer.

Consolidated as at and for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at and for the year ended 31 March		As at and for the six months ended 30 September
	2018	2019	2019
	(₹ million, except number of employees and branches)		
Particulars			
Gross loans (A)	154,134.22	179,562.25	212,272.17
Net profit before tax (B)	10,369.01	14,272.93	9,288.60
Number of employees (C)	24,886	25,610	25,610
Loans per employee (A/C)	6.19	7.01	8.29
Profit per employee (B/C)	0.42	0.56	0.36
Number of branches (D)	4,199	4,351	4,536
Loans per branch (A/D)	36.71	41.27	46.80

Consolidated as at and for the years ended 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	As at and for the year ended 31 March	
	2017	2018
	(₹ million, except number of employees and branches)	
Particulars		
Gross loans (A)	135,830.10	153,987.08
Net profit before tax (B)	11,657.2	10,170.09
Number of employees (C)	22,112	24,886
Loans per employee (A/C)	6.14	6.19
Profit per employee (B/C)	0.53	0.41
Number of branches (D)	4,152	4,199
Loans per branch (A/D)	32.70	36.67

Sources of Funds

As at 31 March 2019, the borrowings of the Issuer constituted 96.31 per cent. of its total liabilities. Set forth below are different sources of funding and their respective contribution, as percentage of the Issuer's total outstanding borrowings, as at and for the periods indicated below.

Consolidated as at 31 March 2018, 31 March 2019 and 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at 31 March				As at 30 September	
	2018		2019		2019	
	Amount outstanding	% of Total	Amount outstanding	% of Total	Amount outstanding	% of Total
	(₹ million)		*(₹ million)*		*(₹ million)*	
Sources of Funds						
Loans from banks and financial institutions and vehicle loans	70,434.48	55.87%	95,685.23	62.56%	125,564.83	68.44%
Non-convertible debentures (NCDs):	**25,194.14**	19.98%	**23,177.31**	15.15%	18,326.42	9.99%
NCDs	24,616.04	19.53%	18,822.17	12.31%	13,968.21	7.61%
NCDs – listed	578.10	0.46%	4,355.14	2.85%	4,358.21	2.38%
Subordinated debt:	**1,199.55**	0.95%	**1,195.88**	0.78%	1,246.93	0.68%
Subordinated debt	1,199.55	0.95%	1,195.88	0.78%	1,246.93	0.68%
Subordinated debt – listed	–	0.00%	–	0.00%	–	0.00%
Commercial paper	29,101.30	23.08%	32,809.22	21.45%	38,252.41	20.85%
Other loans	141.09	0.11%	85.61	0.06%	70.97	0.04%
Total	**126,070.56**	**100.00%**	**152,953.25**	**100.00%**	**183,461.56**	**100.00%**

Consolidated as at 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	As at 31 March			
	2017		2018	
	Amount outstanding	% of Total	Amount outstanding	% of Total
	(₹ million)		*(₹ million)*	
Sources of Funds				
Loans from banks and financial institutions and vehicle loans	59,381.95	54.05%	70,418.64	55.90%
NCDs:	**26,365.65**	24.00%	**26,239.66**	20.83%
Non Convertible Debenture – Private Placement	23,080.81	1.65%	25,661.56	20.37%
Non Convertible Debenture – Public Issue	3,284.84	22.34%	578.10	0.46%
Subordinated debt:	**917.98**	0.84%	**60.40**	0.05%
Subordinated debt	917.98	0.84%	60.40	0.05%
Subordinated debt – listed	–	0.00%	–	0.00%
Commercial paper	23,095.86	21.02%	29,102.90	23.10%
Other loans	99.84	0.09%	140.96	0.11%
Total	109,861.28	100.00%	125,962.56	100.00%

Subordinated Debt

As at 31 March 2019, the Issuer had outstanding subordinated debt of INR1,195.88 million on a consolidated basis. Subordinated debt are long-term unsecured, redeemable, subordinated NCDs which qualifies as Tier-II capital, determined in accordance with the under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the RBI for the purposes of computation of Capital to Risk Assets Ratio (**CRAR**). The debt under such debentures is subordinated to present and future indebtedness of the Issuer. The Issuer has not raised any subordinated debt since May 2014.

Capital Adequacy

All systemically important NBFCs are required by the RBI Master Directions to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00 per cent. of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a part of the governance policy, the Issuer ordinarily maintain capital adequacy higher than the statutorily prescribed CRAR. As at 31 March 2019, the Issuer's capital adequacy ratio, computed as per Ind AS on a standalone basis and on the basis of the RBI Master Directions, was 23.65 per cent. compared to the minimum capital adequacy requirement of 15.00 per cent. stipulated by the RBI. The total Tier I capital, as at that date, on a standalone basis was 23.27 per cent. compared to the minimum Tier I capital requirement of 12.00 per cent. stipulated by the RBI for NBFCs primarily engaged in lending against gold jewelry. In addition, the RBI

Master Directions require that the total of the Tier II capital of a non-deposit taking NBFC should not exceed 100 per cent. of its Tier I capital.

The tables below set forth certain key financial information and ratios, as of and for the years ended 2019, 2018 and 2017, in relation to the capital adequacy computed as per the applicable RBI requirements.

Consolidated (except where otherwise indicated) as at and for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at and for the year ended 31 March		As at and for the six months ended 30 September
	2018	2019	2019
	(₹ million, except percentages)		
Particulars			
CRAR(1)(2)	26.98	23.65	21.91
CRAR – Tier I capital(2)	26.59	23.27	21.52
CRAR – Tier II capital(2)	0.39	0.39	0.38
Borrowings(4)	126,070.56	152,953.24	183,461.55
Cash and cash equivalents	4,842.82	8,403.80	13,717.65
Net worth(5) excluding non controlling interest	38,132.35	45,246.54	50,556.20
Debt to equity ratio(3)	3.31	3.38	3.63

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(2) These figures are presented on a standalone basis.

(3) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(4) Borrowings include debt securities and subordinated liabilities.

(5) Net worth comprises equity share capital and other equity.

Consolidated (except where otherwise indicated) as at 31 March 2017 and 31 March 2018

The information below has been derived from the Indian GAAP Financial Statements.

	As at and for the year ended 31 March	
	2017	2018
	(₹ million, except percentages)	
Particulars		
CRAR[(1)(2)]	26.12	26.98
CRAR – Tier I capital[(2)]	25.73	26.59
CRAR – Tier II capital[(2)]	0.39	0.39
Borrowings[(4)]	109,861.28	125,962.56
Cash and cash equivalents	3,666.02	6,986.45
Net worth[(5)]	33,617.95	38,362.04
Debt to equity ratio[(3)]	3.27	3.28

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the applicable RBI requirements) and risk adjusted value of off-balance sheet items.

(2) These figures are presented on a standalone basis.

(3) Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.

(4) Borrowings include debt securities and subordinated liabilities.

(5) Net worth comprises equity share capital and reserves and surplus.

Classification of Assets and Provisioning

Classification of Assets in accordance with Ind AS

The Issuer follows the Master Directions on Non-Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as amended, prescribed by the RBI, among other matters, in the classification of the assets, treatment of NPAs and provisioning against NPAs, as further described in the section titled "*Regulation and Policies*" of this Offering Circular. Each non-deposit taking NBFC, such as the Issuer, is required to classify its lease/hire purchase assets, loans, advances and other forms of credit into standard, sub-standard, doubtful or loss assets.

Ind AS requires entities to recognise and measure a credit loss allowance or provision based on expected credit loss (**ECL**). The expected loss impairment model applies to loans, debt securities and trade receivables measured at amortised cost or at fair value through other comprehensive income.

ECL, at each reporting date, is measured through a loss allowance for a financial asset at an amount equal to:

- the lifetime ECLs, if the credit risk on that financial instrument has increased significantly since initial recognition. Lifetime ECLs means ECLs that result from all possible default events over the expected life of a financial asset.

- 12-month ECLs, if the credit risk on a financial instrument has not increased significantly since initial recognition. 12-month ECLs means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

At the end of each reporting period, the Issuer performs an assessment of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of ECLs as per IND AS – 109 (Para 5.5.9). Based on the above process, the Issuer categorises its loans into three stages as described below:

Definition of Default and Cure

The Issuer considers a financial instrument as defaulted and therefore Stage 3 for ECL calculations in all cases when the borrower become 90 days past due on its contractual payments. As a part of qualitative assessment of whether a customer is in default, the Issuer also considers a variety of instances that may indicate unlikeliness to pay Ind AS 109 – Standard prescribes following as instances which are relevant in assessing the changes in credit risk –

(I) Significant changes in the external markets indicators for a particular instrument with the same expected life.

(II) An actual or expected downgrade of the borrower.

(III) Existing or forecast adverse changes in business, financials or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.

(IV) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations, such as a decline in the demand for the borrower's sales product because of a shift in technology.

(V) Significant changes in the value of the collateral supporting the obligation.

(VI) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate set-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument.

(VII) Past due information.

When such events occur, the Issuer determines whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or Stage 2, as appropriate. The Issuer considers a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months.

The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Rating	Loan days past due	Stages
High grade	Not yet due	1
Standard grade	1-30	1
Sub-standard grade	31-60	2
Past due but not impaired	61-90	2
Individually impaired	91 or more	3

For non-impaired financial assets:

- **Stage 1** is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (**SICR**) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Issuer compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

- **Stage 2** is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Issuer recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognising 12 months ECL provision.

For impaired financial assets:

Financial assets are classified as **Stage 3** when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans.

Provisioning Requirements and Estimation of Expected Credit Loss

The classification and provisioning requirements under Ind AS are set out below.

Asset Classification	Period of Default	Provisioning Mechanism
Stage 1	0-30 days past due	PD[(1)] x LGD[(2)] x Stage 1 asset
Stage 2	More than 30 but less than or equal to 90 days past due	PD[(1)] x LGD[(2)] x Stage 2 asset
Stage 3	More than 90 days past due	PD[(1)] x EAD[(3)] of Stage 3 asset

Notes:

(1) **PD** is Probability of Default, which is an estimate of the likelihood of default over a given time period. The Issuer uses historical information, where available, to determine PD. Considering the different products and schemes, the Issuer has bifurcated its loan portfolio into various pools. To calculate the ECL for a Stage 1 loan, the Issuer assesses the possible default events within 12 months for the calculation of the 12-month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. For certain pools, where historical information is available, PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, PD/default rates, as stated by external reporting agencies, are considered.

(2) **LGD** is Loss Given Default, which is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

(3) **EAD** is Exposure at Default, which is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

As at 31 March 2019, INR6,019.69 million of the Issuer's loan assets (as per Ind AS), on a consolidated basis were categorised as Stage 3 assets. As at 31 March 2019, the Issuer's Stage 3 assets (gross of provisions, as a percentage of total loan assets) (as per Ind AS) were 3.73 per cent. and its Stage 3 assets (net of Stage 3 provision, as a percentage of net loan assets) (as per Ind AS) were 3.32 per cent., on a standalone basis. As at 31 March 2019, the Issuer made Stage 3 provisions for 11.68 per cent. of its Stage 3 assets, on a standalone basis. The following tables set forth Stage 3 assets of the Issuer as at the dates indicated.

Standalone as at 31 March 2018, 31 March 2019 and 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	As at 31 March		**As at 30 September**
	2018	**2019**	**2019**
	(₹ million, except percentages)		
Stage 3 assets[1]	2,254.25	5,636.77	2,878.51
Stage 3 assets, net of Stage 3 provision[2]	1,738.06	4,978.23	2,644.51
Total loan assets as per Ind AS (gross of provisions)[3]	129,245.89	150,995.19	175,046.55
Net loan assets as per Ind AS (net of provisions)[4]	128,407.27	150,051.71	173,922.79
Stage 3 assets as a percentage of total loan assets as per Ind AS (gross of provisions) (%)	1.74%	3.73%	1.64%
Stage 3 asset net of Stage 3 provision as a percentage of net loan assets as per Ind AS (%)	1.35%	3.32%	1.52%

Notes:

(1) Stage 3 assets include financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means total loan assets as adjusted for impairment of loss allowance.

(4) Net loan assets as per Ind AS (net of provision) means secured and unsecured gross loan portfolio.

The following tables set forth, for the periods indicated, information about the Stage 3 assets.

Standalone for the years ended 31 March 2018, 31 March 2019 and six months ended 30 September 2019

The information presented below has been derived from the Ind AS Financial Statements.

	Year period ended 31 March		**Six months ended 30 September**
	2018	**2019**	**2019**
	(₹ million, except percentages)		
Particulars			
Stage 3 assets opening balance at the beginning of the period(1)	6,237.11	2,254.25	5,636.77
Increase/(decrease)	(3,982.86)	3,382.52	(2,758.26)
Stage 3 assets at the close of the period	2,254.25	5,636.77	2,878.51
Stage 3 assets, net of Stage 3 provision(2)	1,738.06	4,978.23	2,644.51
Total loan assets as per Ind AS (gross of provisions)(3)	129,245.89	150,995.19	175,046.55
Net loan assets as per Ind AS (net of provisions)(4)	128,407.27	150,051.71	173,922.79
Stage 3 assets as a percentage of total loan assets as per Ind AS (%) (gross of provisions)	1.74%	3.73%	1.64%
Stage 3 asset (net of Stage 3 provisions) as a percentage of net loan assets as per Ind AS (net of provisions) (%)	1.35%	3.32%	1.52%
Stage 3 provision percentage	22.90%	11.68%	8.13%

Notes:

(1) Stage 3 assets include financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

(2) Stage 3 provision is lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS. Stage 3 assets are net of Stage 3 provision.

(3) Total loan assets as per Ind AS (gross of provisions) means total loan assets as adjusted for impairment of loss allowance.

(4) Net loan assets as per Ind AS (net of provision) means secured and unsecured gross loan portfolio.

Classification of Assets in accordance with Indian GAAP

As a NBFC operating in India, the Issuer recognises NPAs in accordance with the RBI's stipulated guidelines. A **standard asset** means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business. A 'non-performing asset' means:

(a) an asset, in respect of which, interest has remained overdue for a period of six months or more;

(b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;

(c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;

(d) a bill which remains overdue for a period of six months or more;

(e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans/advances, which facility remained overdue for a period of six months or more;

(f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

provided that the period of 'six months or more' stipulated in sub-clauses (a) to (f) shall be 'five months or more' for the financial year ending 31 March 2016; 'four months or more' for the financial year ending 31 March 2017 and 'three months or more', for the financial year ending 31 March 2018 and thereafter;

(g) the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more;

provided that the period of 'twelve months or more' stipulated in sub-clause (g) shall be 'nine months or more' for the financial year ending 31 March 2016; 'six months or more' for the financial year ending 31 March 2017; and 'three months or more' for the financial year ending 31 March 2018 and thereafter;

(h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

provided that in sub-clause (h) in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

The guidelines require NBFCs to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realisation of amounts due in relation to such asset.

Substandard Assets

A sub-standard asset means:

(a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;

(b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

Doubtful Assets

A **doubtful asset** means:

(a) a term loan, or

(b) a lease asset, or

(c) a hire purchase asset, or

(d) any other asset,

which remains a sub-standard asset for a period exceeding 18 months.

Loss Assets

A **loss asset** means:

(a) an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and

(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Standalone as at and for the year ended 31 March 2017 and 31 March 2018

The following table sets forth the classification of loan assets of the Issuer, as at the dates indicated below, derived from the Indian GAAP Financial Statements.

	As at 31 March			
	2017		2018	
	Amount outstanding	% of Total	Amount outstanding	% of Total
	(₹ million, except percentages)			
Standard assets[1]	113,172.11	97.98%	128,539.26	99.46%
Non-performing assets[2]	2,337.52	2.02%	694.58	0.54%
Sub-standard assets[3]	2,038.57	1.76%	249.92	0.19%
Doubtful assets[4]	195.93	0.17%	298.94	0.23%
Loss assets[5]	103.02	0.09%	145.72	0.11%
Total loan assets	115,509.63	100.00%	129,233.84	100.00%

Notes:

(1) For the purposes of this table, the Issuer's standard assets and total loan assets represent the amount of principal outstanding and interest accrued and due on loan assets (excluding advance recoverable from subsidiary).

(2) Non Performing Asset (NPA) is an asset in respect of which interest or principal has remained overdue for a period of 3 months or more.

(3) A sub-standard asset is an asset which has been classified as an NPA for a period not exceeding 12 months or an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(4) A doubtful asset is an asset which remains sub-standard asset for a period exceeding 12 months.

(5) A loss asset is (a) an asset which has been identified as a loss asset by the Issuer or the internal or external auditor or by the RBI during the inspection of the Issuer, to the extent that it is not written off by the Issuer; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

The following table sets forth certain information about NPAs of the Issuer, derived from the Indian GAAP Financial Statements on a standalone basis.

	Year period ended 31 March	
	2017	2018
	(₹ million, except percentages)	
Particulars		
Opening balance at the beginning of the year	996.41	2,337.52
Increase/(decrease)	1,341.11	(1,642.94)
Gross NPAs[1] at the close of the year	2,337.52	694.58
Net NPAs[2]	1,972.24	427.30
Total loan assets as per Indian GAAP[3]	115,509.63	129,233.84
Net loan assets[4]	114,690.50	128,450.79
Gross NPAs/Total loan assets as per Indian GAAP (%)	2.00%	0.54%

	Year period ended 31 March	
	2017	2018
	(₹ million, except percentages)	
Net NPAs/Net loans (%)	1.72%	0.33%
Total provisions as a percentage of gross NPAs (%)	15.63%	38.48%

Notes:

(1) Gross NPAs means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.

(2) Net NPA means gross NPA net of provision held for NPA accounts and provision for diminution in fair value of restructured loans.

(3) For the purposes of this table, the Issuer's total loan assets as per Indian GAAP means secured and unsecured gross loan portfolio.

(4) Net loan assets means total loan assets as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.

The Reserve Bank of India issued the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the **Stressed Assets Directions**), which also apply to systemically important non-deposit taking non-banking financial companies, such as the Issuer. The Resolution of Stressed Assets Directions were issued with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets.

The Resolution of Stressed Assets Directions provide that lenders will recognise stress in loan accounts immediately on default by classifying such assets as special mention accounts (**SMAs**) as set out below.

SMA Sub-Categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between
SMA – 0	1 – 30 days
SMA – 1	31 – 60 days
SMA – 2	61 – 90 days

The Stressed Assets Directions require the Issuer to put in place policies and timelines for stressed assets resolution.

- Once a borrower is reported to be in Default (which is defined under the Stressed Assets Directions as non-payment of debt when the whole or any part or instalment of the debt has become due and payable and is not paid, and for revolving facilities like cash credit, default would also mean the outstanding balance remaining continuously in excess of the sanctioned amount or drawing power, whichever is lower, for more than 30 days), lenders will undertake *prima facie* a review of such borrower's account within 30 days from such default (the "**Review Period**").

- During the Review Period, lenders may decide on a resolution strategy. In cases where a resolution plan is to be implemented, all lenders are required to enter into an inter-creditor agreement, during the Review Period, to provide for rules for implementation of the resolution plan for those borrowers with credit facilities from more than one lender. In addition to a resolution plan, the lenders may also choose to initiate legal proceedings for insolvency or recovery.

As required under the Stressed Assets directions, the Board has approved a policy for the resolution of stressed assets.

Asset Liability Gap Management

The following table sets forth, as at the dates indicated, maturity pattern of certain items of assets and liabilities and the asset-liability gap position for the operations, which is based on certain estimates, assumptions, RBI guidelines and the prior experience of the performance of the Issuer's assets.

Consolidated as at 31 March 2019

The information presented below has been derived from the Ind AS Financial Statements.

	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings.	17,091.82	28,698.73	15,704.79	48,926.45	14,020.76	21,788.56	4,440.31	2,831.66	153,503.04
Assets									
Advances[(1)]	37,552.35	36,869.22	47,844.64	14,805.62	12,825.24	22,739.30	1,628.58	3,854.20	178,119.15
Investments	–	–	–	–	–	–	–		–
Foreign Currency assets (Investment in foreign subsidiary) . . .	–	–	–	–	–	–	–	–	–
Gap (assets – liability) . . .	**20,460.53**	**8,170.49**	**32,139.85**	**(34,120.83)**	**(1,195.52)**	**2,396.95**	**(2,811.73)**	**1,022.54**	**26,062.32**

Note:

(1) Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Consolidated as at 31 March 2018 (Ind AS)

The information presented below has been derived from the Ind AS Financial Statements.

	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings.	4,934.88	34,477.76	38,764.74	12,012.78	14,182.05	18,007.02	2,063.26	487.35	124,929.86
Assets	–	–	–	–	–	–	–	–	–
Advances[(1)]	33,809.72	33,384.43	47,709.67	10,881.94	10,118.68	11,060.22	2,544.43	2,929.56	152,438.65
Investments	–	–	–	–	–	–	–	–	–
Foreign Currency assets (Investment in foreign subsidiary) . . .	–	–	–	–	–	–	–	–	–
Gap (assets – liability) . . .	**28,874.84**	**(1,093.33)**	**8,944.93**	**(1,130.84)**	**(4,063.37)**	**(6,946.80)**	**481.17**	**2,442.21**	**27,508.79**

Note:

(1) Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Standalone as at 31 March 2018 (Indian GAAP)

The information below has been derived from the Indian GAAP Financial Statements.

	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	3,910.81	33,037.61	37,464.70	7,143.80	8,579.20	12,202.40	67.90	–	100,960.21
Assets	–	–	–	–	–	–	–	–	–
Advances[(1)]	33,504.54	31,661.20	46,211.20	6,131.60	2,576.80	6,968.50	2,168.40	11.60	129,233.84
Investments	50.00	–	–	–	–	–	–	3,699.78	3,749.78
Foreign Currency assets (Investment in foreign subsidiary)	–	–	–	–	–	–	–	–	–
Gap (assets – liability)	29,643.73	(1,376.41)	8,746.50	(1,012.20)	(6,002.40)	(5,233.90)	2,100.50	3,711.38	30,577.20

Note:

(1) Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Standalone as at 31 March 2017

The information below has been derived from the Indian GAAP Financial Statements.

	1 day to 30/31 days (1 month)	Over one month to two months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings	14,420.04	20,124.48	16,771.97	4,777.65	10,794.14	17,844.06	211.25	35.01	84,978.60
Foreign Currency Liabilities	4,258.75	–	955.43	–	–	1,438.99	–	–	6,653.17
Assets									
Advances[(1)]	43,009.30	30,841.33	37,751.89	398.26	779.82	2,301.27	377.12	50.64	115,509.63
Investments	–	–	–	–	–	50.00	–	3,191.92	3,241.92
Foreign Currency assets (Investment in foreign subsidiary)	–	–	–	–	–	–	–	–	–
Gap (assets – liability)	**24,330.51**	**10,716.85**	**20,024.49**	**(4,379.39)**	**(10,014.32)**	**(16,931.78)**	**165.87**	**3,207.55**	**27,119.78**

Note:

(1) Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

TERMS AND CONDITIONS OF THE NOTES

*The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes (the "**Conditions**") which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and as agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.*

*The issuance of, and the Conditions in relation to, the Notes, once issued overseas, will as per applicable laws, including, but not limited to, the Indian Foreign Exchange Management Act, 1999 ("**FEMA**"), the Indian Foreign Exchange Management (Borrowing and Lending) Regulations 2018 and circulars or notifications issued thereunder by the Reserve Bank of India (the "**RBI**"), from time to time including the Indian Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended from time to time (the "**ECB Master Directions**") and the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended from time to time, and any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the FEMA, including the Indian Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended, modified or replaced from time to time) (collectively, the "**ECB Guidelines**").*

Any redemption prior to the Maturity Date (as defined in the applicable Pricing Supplement), including, but not limited to, as a result of an Issuer Tax Call, Issuer Call, Change of Control Trigger Event or an Event of Default (each as defined in the Conditions), will be subject to the prior approval of the RBI or the AD Bank (as defined below), as the case may be, in accordance with the ECB Guidelines and such approval may not be provided. See "Risk Factors – Risks relating to the Notes Generally – Approval of the RBI or the AD Bank as the case may be, in accordance with the ECB Master Directions, is required for redemption of Notes prior to their stated maturity, including upon an Event of Default."

*As provided in the Master Directions, any borrower is eligible to raise any external commercial borrowing ("**ECB**") aggregating to a maximum of U.S.$750,000,000 or its equivalent in a financial year, without obtaining prior approval from the RBI. In the event the Issuer intends to raise any ECB in excess of such amount during a financial year, including pursuant to the Programme, the Issuer will be required to obtain approval from the RBI prior to drawing down such ECB.*

This Note is one of a Series (as defined below) of Notes issued by Manappuram Finance Limited (the "**Issuer**") and constituted by a trust deed dated 26 November 2019 (such trust deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Issuer, DB Trustees (Hong Kong) Limited (the "**Trustee**" which expression shall include any successor as Trustee) and Catalyst Trusteeship Limited (the "**Security Trustee**", which expression shall include any successor as Security Trustee). The Issuer will enter into the Collateral Documents (as defined herein) to secure performance of the Issuer's obligations under the Notes where applicable.

Copies of the Trust Deed, the Agency Agreement (as defined below) and (where applicable) the Collateral Documents are available for inspection by Noteholders following prior written request at all reasonable times during normal business hours at the specified office of each of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are available for inspection by Noteholders following prior written request at all reasonable times during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement may only be inspected by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement, (where applicable) the Collateral Documents and the applicable Pricing Supplement (together, the "**Transaction Documents**") which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note in bearer form (a "**Bearer Global Note**");

(iii) any Global Note in registered form (a "**Registered Global Note**");

(iv) definitive Notes in bearer form ("**Definitive Bearer Notes**", and together with Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Bearer Global Note; and

(v) definitive Notes in registered form ("**Definitive Registered Notes**", and together with Registered Global Notes, the "**Registered Notes**"), whether or not issued in exchange for a Registered Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement dated 26 November 2019 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any additional or successor principal paying agents) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Deutsche Bank AG, Hong Kong Branch as initial calculation agent (the "**Calculation Agent**", which expression shall include any additional or successor calculation agents) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agents), Deutsche Bank AG, Hong Kong Branch as registrar (the "**Registrar**", which expression shall include any additional or successor registrars). The Principal Paying Agent, the other Paying Agents, the Transfer Agent, the Calculation Agent, the Registrar and all other agents appointed in accordance with the Agency Agreement are together referred to as the "**Agents**".

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose names such Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders generally as a class in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and the date of the first payment of interest thereon and the date from which interest starts to accrue.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 Form, Denomination and Title

The Notes may be in bearer form and/or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, will be serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement, which Interest Basis shall be as per the applicable laws including but not limited to the ECB Guidelines.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee, the Principal Paying Agent, any other Paying Agent, the Registrar and the Transfer Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear, Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg. References to Euroclear, Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

2 Transfers of Registered Notes

2.1 Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes Generally

Registered Notes may not be exchanged for Bearer Notes and vice versa.

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer:

(a) the holder or holders must:

   (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and

   (ii) complete and deposit such other certifications as may be required by the Transfer Agent; and

(b) the Registrar or, as the case may be, the Transfer Agent must, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the Transfer Agent may prescribe (such initial regulations being set out in Schedule 3 to the Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the Transfer Agent will, within seven business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Notes under Condition 8.3, the Issuer shall not be required to register the transfer of any Registered Note, or a part Registered Note, called for partial redemption.

2.4 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity and/or security as the Registrar or the Transfer Agent may require) in respect of any tax, duty or other governmental charges which may be imposed in relation to it.

2.5 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered:

(a) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;

(b) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8.3;

(c) after any such Note has been called for redemption; or

(d) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes (and any related Receipts and Coupons) constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking *pari passu* charge (by way of hypothecation) over all current assets, book-debts, loans and advances, receivables, including gold loan receivables, both present and future (the "**Receivables**") and all benefits, rights, title, interest, claims and demands whatsoever of the Issuer in, to or in respect of all the aforesaid amounts, both present and future (collectively referred to as the "**Collateral**"), provided that the Collateral shall not include any property, assets and/or receivables of the Issuer from the Collateral designated as Excluded Collateral pursuant to Condition 5.4(b).

The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Indian law governed deed of hypothecation and any power of attorney, in each case, to be dated on or about the Issue Date and as may be amended or supplemented from time to time as set forth below (the "**Deed of Hypothecation**"), and other instruments pursuant to which the Security Interests over the Collateral (the "**Collateral Security Interest**") are created are hereinafter collectively referred to as the "**Collateral Documents**".

4 Collateral Security Interest and Related Provisions

4.1 Collateral Security Interest

The Collateral Security Interest will be created in favour of the Security Trustee (for the benefit of itself, the Trustee and the Noteholders (together, the "**Secured Parties**")) by way of a first ranking *pari passu* charge and will be shared on a *pari passu* basis with the beneficiaries of all Permitted Collateral Security Interests.

The Collateral Security Interest shall be continuing security and shall remain in full force and effect until all the Liabilities (as defined in the Deed of Hypothecation) have been paid in full to the satisfaction of the Trustee and confirmed in writing by the Trustee, subject to Condition 4.2 below.

4.2 Release of Collateral

Following written notice from the Trustee, upon the purchase and cancellation, or redemption in full in accordance with these Conditions, of a relevant Series of outstanding Notes and payment of all other amounts then due in respect of that relevant Series of Notes under any Transaction Document, the Collateral Security Interest with respect to such Series of Notes shall (subject to the terms of the Collateral Documents) automatically terminate and the Collateral shall be released with respect to such Series of Notes in accordance with the terms of the Collateral Documents and at the cost of the Issuer.

4.3 Minimum Security Coverage Ratio

The Issuer shall, until the Liabilities (as defined in the Deed of Hypothecation) are fully discharged in accordance with the Trust Deed, for every quarter ending on 31 March, 30 June, 30 September and 31 December ("**Relevant Quarter**"), be obliged to furnish to the Security Trustee, on or before the 15th day following the date of the declaration of the financial results of the Issuer for such Relevant Quarter, a certificate from an independent chartered accountant, in such form and manner as may be stipulated by the Security Trustee, containing details of the Collateral existing as on the last day of the Relevant Quarter to evidence that the Minimum Security Coverage Ratio is being maintained (the "**Accountant's Certificate**"). The Issuer shall also, for every quarter ending on the Relevant Quarter during the tenor of the Deed of Hypothecation, be obliged to furnish to the Security Trustee, on or before the 15th day following the date of the declaration of the financial results of the Issuer for such Relevant Quarter, a certificate from an Authorised Signatory of the Issuer, in such form and manner as may be stipulated by the Security Trustee, containing details of the Collateral existing as on the last day of the Relevant Quarter so as to evidence that the Minimum Security Coverage Ratio is being maintained (the "**Authorised Signatory's Certificate**"). If either (i) the Minimum Security Coverage Ratio for the Relevant Quarter is not maintained according to the Accountant's Certificate and/or the Authorised Signatory's Certificate or (ii) the Issuer fails to furnish the Security Trustee with the Accountant's Certificate and/or the Authorised Signatory's Certificate within the relevant time periods aforementioned, the Security Trustee will promptly notify the Trustee of such circumstance(s).

4.4 Enforcement of Collateral Security Interest

The Collateral Security Interest shall be immediately enforceable upon an occurrence of a Security Enforcement Event. At any time after the Collateral Security Interest has become enforceable in respect of any Series of Notes, the Trustee may in its discretion and without further notice or formality and shall if so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the particular Series of Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders of the particular Series of Notes (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), direct the Security Trustee to enforce all or any part of the Collateral Security Interest in any manner it sees fit, including but not limited to, appointing a receiver and/or taking possession of and/or realising all or any part of the Collateral and/or taking action or proceedings against any person liable in respect of all or any part of the Collateral and/or any rights in relation to the Collateral Documents and taking any step, action or proceedings provided for in or pursuant and/or subject to the Collateral Documents. The Issuer and the Security Trustee agree and acknowledge that the Collateral Security Interest to be created in terms of the Deed of Hypothecation to secure the Liabilities (as defined in the Deed of Hypothecation) and any proceeds realised upon enforcement of such Collateral Security Interest are, subject to the terms of the Trust Deed, to be shared between the beneficiaries of all Permitted Collateral Security Interests and the Security Trustee (acting in trust and for the benefit of the Secured Parties). For the avoidance of doubt, to enforce the rights of Secured Parties under the Collateral Documents, the Trustee shall have the right to instruct the Security Trustee to sell any Collateral that is capable of being sold in accordance with the provisions set out in the Collateral Documents. Any dispute arising under the Collateral Documents among any of the parties will be resolved by the courts of the Republic of India ("**India**"), under Indian law.

Repatriation of proceeds outside India by the Issuer may require the prior approval of the RBI in accordance with the existing applicable laws and regulation of India.

4.5 Underlying Assets

Without prejudice to the rights and interests of the Trustee and of the Noteholders over the Collateral, the underlying securities, loans and/or inter-corporate deposits subscribed to, given and/or placed by the Issuer and to which the Receivables pertain shall at no point of time form a part of the Collateral and the Issuer shall be free to transfer or otherwise deal with such underlying securities, loans and inter-corporate deposits subscribed to, given and/or placed by the Issuer and to which the Receivables pertain, without being required to obtain any consent or approval from the Trustee, the Noteholders or the Security Trustee, **provided that** the Minimum Security Coverage Ratio is maintained and no Security Enforcement Event has occurred.

4.6 Information Required by the Trustee and the Security Trustee

The Issuer shall further, whenever reasonably required by the Trustee or the Security Trustee, give full particulars to the Trustee or the Security Trustee, as the case may be, of the Collateral and furnish and verify all statements, reports, certificates and information (including any documentation specified in Condition 4.3) from time to time in relation to the Collateral, including copies evidencing payment of stamp duty and other charges in connection with the Deed of Hypothecation or any other Collateral Documents and shall make, furnish and execute all necessary documents to give effect to the Collateral Security Interest.

4.7 Access to records by the Trustee and the Security Trustee

The Trustee or the Security Trustee, or nominees appointed by the Trustee or the Security Trustee, as the case may be, shall, with reasonable notice, be entitled, during the regular working hours of the Issuer, to enter into any place where the records relating to the Collateral are stored and to take particulars of all or any part of Collateral or the records maintained in respect of the Collateral and check any statement, accounts, reports and information in relation to the Collateral, and the Issuer shall render all reasonable assistance in this regard.

5 Covenants

5.1 Maintenance Based Covenants

So long as any of the Notes remain outstanding, the Security Coverage Ratio (as defined in Condition 5.6) shall not be less than 1.00 at all times. The covenant in this Condition 5.1 shall be calculated in accordance with India Accounting Standards and tested by reference to the most recent audited or reviewed annual or quarterly standalone financial statements of the Issuer (as applicable) to be delivered to the Trustee in accordance with the provisions of the Trust Deed, commencing from the first financial quarter ended immediately following the Issue Date.

5.2 Covenant Suspension

If following the issuance of any Notes:

(a) the Notes are rated as follows by one of the following three entities: "Baa3" or better by Moody's, "BBB-" or better by S&P or "BBB-" or better by Fitch (or, any such entity ceases to rate the Notes for reasons outside of the control of the Issuer, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organisation" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency); and

(b) no Potential Event of Default or Event of Default shall have occurred and be continuing (as defined in Condition 11.2),

then, beginning on the date on which the Notes are so rated, and subject to the provisions of the following paragraph of this Condition 5.2, the covenants specifically listed under Condition 5.1 will be suspended.

Notwithstanding the foregoing, if the rating assigned by such rating agency should subsequently decline to below "Baa3," "BBB-" or "BBB-," respectively, Condition 5.1 will be reinstituted as at and from the date of such rating decline. The period during which the covenants set forth above are suspended pursuant to this provision is the "**Suspension Period**." The reinstatement of Condition 5.1 will not, however, be of any effect with regard to the actions of the Issuer properly taken during the continuance of the Suspension Period.

The Issuer shall notify the Trustee that the conditions set forth in paragraphs (a) and (b) above of this Condition 5.2 have been satisfied or have ceased to be satisfied, **provided that** such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event and shall be entitled to assume that, until it has received notice from the Issuer to the contrary, that such conditions have been satisfied.

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

5.3 Consolidation, Merger and Sales of Assets

So long as any of the Notes remains outstanding, the Issuer will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to any Person (the consummation of any such transaction or series of related transactions, a "**Merger**"), unless:

(a) the Issuer shall be the continuing Person, or the Person (if other than the Issuer) formed by such Merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organised and validly existing under the laws of India or any other country, **provided that** such country has, at the time such Merger, a long-term credit rating of not lower than "BBB-" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. (or its equivalent under any successor rating category of Standard & Poor's Rating Services), and "Baa3" by Moody's Investor Service (or its equivalent under any successor rating category of Moody's) and shall expressly assume, by way of supplemental agreements, all the obligations of the Issuer under the Transaction Documents and the Notes, and the Transaction Documents and the Notes shall remain in full force and effect;

(b) immediately after giving effect to such Merger on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any of its subsidiaries as having been incurred at the time of such transaction) no Event of Default shall have occurred and be continuing or would result therefrom;

(c) the Issuer shall be solvent and able to pay its debts as they fall due immediately prior to the consummation of such Merger;

(d) the corporation formed by such transaction, or the Person that acquired such properties and assets, shall expressly agree to indemnify each holder of a Note against any Taxes (as defined in Condition 5.6 below) payable by withholding or deduction thereafter imposed on any holder solely as a consequence of such Merger with respect to the payment of principal, premium (if any) and interest on the Notes;

(e) immediately after giving effect to such Merger on a *pro forma* basis, the Surviving Person will be in compliance with the maintenance covenants set out in Condition 5.1;

(f) the Issuer has given at least 30 days' notice in advance of such Merger to the Trustee and the Noteholders;

(g) the Collateral Security Interest granted to the Security Trustee under the Collateral Documents shall remain in full force and effect and perfected to at least the same extent as in effect immediately prior to such Merger; and

(h) the Issuer furnishes to the Trustee (i) an officers' certificate, substantially in the form of the Sixth Schedule to the Trust Deed, signed by an Authorised Signatory of the Issuer setting out the arithmetic computations establishing compliance with the conditions precedent provided in Conditions 5.3(b), 5.3(c) and 5.3(e), and the maintenance covenants set out in Condition 5.1, showing in reasonable detail the calculation of the ratios set out in Condition 5.1 (including the arithmetic computations of each component of such ratios) and (ii) a written opinion from legal counsel addressed to the Trustee, in form and substance acceptable to the Trustee, and that meets the requirements of the Trust Deed, stating that such Merger and such supplemental trust deed complies with this provision. The Trustee may accept, without liability to any person, such officers' certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

5.4 Limitation on Security Interests

(a) So long as any Notes remain outstanding, the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest, other than Permitted Collateral Security Interests, on the Collateral.

(b) The Security Trustee will be permitted and authorised, without the consent of any holder of the Notes or the Trustee, to enter into amendments to the Collateral Documents and to take any other action necessary, to permit the exclusion of any property, assets and/or receivables of the Issuer from the Collateral (the "**Excluded Collateral**"), **provided that**:

(i) no Event of Default shall have occurred or be continuing under the Notes; and

(ii) the Issuer obtains a "no objection certificate" from the Security Trustee (which certificate shall be copied to the Trustee by the Security Trustee at the same time as being sent to the Issuer) prior to the proposed amendments being entered into or, as the case may be, any action being taken to permit the exclusion of the Excluded Collateral, who shall have obtained from the Issuer:

(A) the last available statement of adequacy of security wherein Surplus Collateral (as defined in Condition 5.4(c)) is stated;

(B) a certificate signed by an Authorised Signatory of the Issuer addressed to the Security Trustee confirming that:

(I) as of the date of that certificate, no Event of Default has occurred or will occur after giving *pro forma* effect to the proposed Excluded Collateral; and

(II) the Issuer continues to be in compliance with the Minimum Security Coverage Ratio under Condition 5.1 and will be in compliance with such covenant after giving *pro forma* effect to the exclusion of the Excluded Collateral.

(c) The Security Trustee will further be permitted and authorised, without the consent of any holder of the Notes or the Trustee, to permit further creation of first *pari passu* charges by the Issuer on the Collateral for further secured borrowing **provided that**:

(i) there is collateral available in excess of the Minimum Security Coverage Ratio (the "**Surplus Collateral**");

(ii) the Issuer continues to be in compliance with the Minimum Security Coverage Ratio under Condition 5.1 and will be in compliance with such covenant after giving *pro forma* effect to such further creation of a first ranking *pari passu* charge by the Issuer on the Collateral for such further secured borrowing;

(iii) the Issuer obtains a "no objection certificate" or a "*pari passu* letter" from the Security Trustee (which certificate or letter shall be copied to the Trustee by the Security Trustee at the same time as being sent to the Issuer), who shall have obtained from the Issuer:

(A) the last available statement of adequacy of security wherein Surplus Collateral is stated;

(B) a certificate signed by an Authorised Signatory of the Issuer addressed to the Security Trustee confirming that:

(I) as of the date of that certificate, no Event of Default will occur after giving *pro forma* effect to the proposed creation of first pan passu charge on the Collateral for the proposed further secured borrowing; and

(II) the Issuer continues to be in compliance with the Minimum Security Coverage Ratio under Condition 5.1 and will be in compliance with such covenant after giving *pro forma* effect to the further creation of a first ranking pan passu charge on the Collateral for such further secured borrowing.

5.5 Post-Closing Collateral Requirement

The Issuer shall duly execute and deliver the Collateral Documents on or prior to the Issue Date. The Issuer shall make the requisite filings and take all such actions as may be required in relation to the perfection of such Security Interest created over the Collateral (including relevant forms as required under the Companies Act and rules thereunder and receiving the corresponding certificate of registration from the Registrar of Companies, Ernakulam and ensuring that the Security Trustee makes filings with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India) within 30 days following the Issue Date of each Tranche of Notes.

5.6 Definitions

In these Conditions, the following expressions have the following meanings:

(a) "**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate borne by the Notes of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended;

(b) "**Authorised Signatory**" has the meaning set out in the Trust Deed;

(c) "**Board of Directors**" means the representative governing board elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorised to take the action purported to be taken by such committee;

(d) "**Capitalised Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with India Accounting Standards, is required to be capitalised on the balance sheet of such Person;

(e) "**Capitalised Lease Obligations**" means the capitalised amount of any rental obligations under a Capitalised Lease in accordance with India Accounting Standards, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of penalty;

(f) "**Capital Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or nonvoting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock;

(g) "**Common Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;

(h) "**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates;

(i) "**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (i) required to be redeemed prior to the Stated Maturity of the Notes, (ii) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (iii) convertible into or exchangeable for Capital Stock referred to in (i) or (ii) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes;

(j) "**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution;

(k) "**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Currency Agreement or Interest Rate Agreement;

(l) "**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

  (i) all indebtedness of such Person for borrowed money;

  (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

  (iii) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (including any premium to the extent such premium has become due and payable);

  (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

  (v) all Capitalised Lease Obligations and Attributable Indebtedness;

  (vi) all Indebtedness of other Persons secured by a Security Interest on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

  (vii) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

  (viii) to the extent not otherwise included in this definition, Hedging Obligations; and

  (ix) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

(m) "**IND-AS**" means the Indian accounting standards;

(n) "**India Accounting Standards**" means accounting standards generally accepted in India which is in effect from time to time, or, to the extent required by law or regulation applicable to non-banking financial companies in India (which for the avoidance of doubt, shall be IND-AS). All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with IND-AS (as the case may be) applied on a consistent basis;

(o) "**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates;

(p) "**Minimum Security Coverage Ratio**" means the minimum Security Coverage Ratio required to be maintained by the Issuer pursuant to Condition 5.1;

(q) "**NPAs**" has the meaning given to such term in the Indian Non-Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as modified and/or supplemented and/or replaced from time to time);

(r) "**Permitted Collateral Security Interest**" means any Security Interest created or permitted to exist by the Issuer over the Collateral, **provided that**:

(i) the Notes shall be equally and rateably secured with any such Security Interest created or permitted to exist over the Collateral;

(ii) no Potential Event of Default or Event of Default has occurred and is continuing; and

(iii) the Issuer delivers, or causes to be delivered, to the Trustee and the Security Trustee a certificate signed by an Authorised Signatory of the Issuer on a quarterly basis on or before the 15th day following the date of the declaration of the financial results of the Issuer for such Relevant Quarter stating that the Issuer is in compliance with the requirements of paragraph (i) above of this definition, and the requirements of Condition 5.1.

The Trustee shall be entitled, without liability to any person, to accept and rely conclusively upon the certificate delivered as contemplated in paragraph (iii) above of this definition as sufficient evidence of the satisfaction of the circumstances set out above without further investigation or enquiry and without liability to any Noteholder, in which event they shall be conclusive and binding on the Noteholders;

(s) "**Person**" means, any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

(t) "**Potential Event of Default**" has the meaning given to such term in the Trust Deed;

(u) "**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person;

(v) "**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer transfers such property to another Person and the Issuer leases it from such Person;

(w) "**Security Coverage Ratio**" shall be the ratio that is calculated by measuring (x) the value of the Collateral available after subtracting the value of Collateral contractually committed in respect of the aggregate amount of Indebtedness (other than the outstanding principal amount of Notes) secured by the Permitted Collateral Security Interest from the total value of the Collateral, against (y) the outstanding principal amount of Notes, at the given point of time, **provided that**, for the purposes of calculating the Security Coverage Ratio under Condition 5.1, only the portion of the Collateral which are classified as Standard Assets, Stage 1 Assets or Stage 2 Assets, as applicable, shall be taken into account and the portion of the Collateral which are classified as NPAs or Stage 3 Assets, as applicable, shall be excluded; for the avoidance of doubt, the Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer in accordance with Condition 3;

(x) "**Security Enforcement Event**" means in respect of the Notes, the occurrence of an Event of Default pursuant to which the Collateral Security Interest shall become enforceable in accordance with the terms of the Trust Deed;

(y) "**Security Interest**" means, with respect to any asset or properties of any kind, any mortgage, lien, pledge, charge, hypothecation, security interest or encumbrance of any kind, whether or not filed, recorded or otherwise perfected or registered under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing or agreement to give any financing statement of any jurisdiction;

(z) "**Stage 1 Assets**" means financial assets forming part of the Collateral that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under IND-AS;

(aa) "**Stage 2 Assets**" means financial assets forming part of the Collateral that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under IND-AS;

(bb) "**Stage 3 Assets**" means financial assets forming part of the Collateral that have objective evidence of impairment at the reporting date as defined under IND-AS;

(cc) "**Standard Assets**" has the meaning given to such term in the Indian Non-Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 (as modified and/or supplemented and/or replaced from time to time);

(dd) "**Stated Maturity**" means: (i) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (ii) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness;

(ee) "**Subsidiary**" means any company which the Issuer (i) controls the composition of the board of directors or (ii) exercises or controls more than one-half of the total voting power either on its own or together with one or more of its subsidiary companies;

(ff) (for the purposes of Condition 5.3(d) only) "**Taxes**" means any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by India or any authority therein or thereof having power to tax; and

(gg) "**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

6 Interest

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines and in accordance with any specific approval received by the Issuer from the RBI or the designated authorised dealer category I bank (the "**AD Bank**") appointed in accordance with the ECB Guidelines or any other regulatory authority.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest is required to be calculated in respect of any period by applying the Rate of Interest (as defined in the applicable Pricing Supplement) to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Fixed Rate Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines). Any additional payment of interest may be subject to a specific approval received by the Issuer from the RBI or the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

    (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

    (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

        (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

        (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or

(b) if "**30/360**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or

(c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement. The Rate of Interest shall be in accordance with Indian regulatory requirements (including the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI or any other regulatory authority appointed in accordance with the ECB Guidelines.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this paragraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this paragraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest (as defined in the Pricing Supplement) shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or such other party specified in the applicable Pricing Supplement. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or such other party for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of paragraph (A) above of this Condition 6.2(b)(ii), no such offered quotation appears or, in the case of paragraph (B) above of this Condition 6.2(b)(ii), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph of this Condition 6.2(b)(ii).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

The Rate of Interest shall not exceed the rate of interest as specified under the ECB Guidelines or any specific approval received by the Issuer from the RBI or the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

(d) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Floating Rate Note or Index Linked Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI, the AD Bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or Bond Basis is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y_2\text{-}Y_1)] + [30 \times (M_2\text{-}M_1)] + (D_2\text{-}D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) **Notification of Rate of Interest and Interest Amounts**

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and the Issuer will notify or cause the Rate of Interest and each Interest Amount for each Interest Period to be notified to the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified by the Issuer to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this Condition 6.2(e), the expression "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York, Mumbai, Hong Kong and the place of office of the Principal Paying Agent.

(f) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Benchmark Discontinuation

(a) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.3(b)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6.3(d)). In making such determination, the Independent Adviser appointed pursuant to this Condition 6.3 shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 6.3.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6.3(a) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest.

Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 6.3(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6.3(a).

(b) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.3); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.3).

(c) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(d) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 6.3 and the Independent Adviser determines:

(i) that amendments to these Conditions, the Trust Deed and the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and

(ii) the specific terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 6.3(e) without any requirement for the consent or approval of the Trustee or the Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Paying Agents and, where applicable, the Calculation Agent(s) of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 6.3(e), the Trustee, the Paying Agents and, where applicable, the Calculation Agent(s) shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed and the Agency Agreement), **provided that** none of the Trustee, the Paying Agents and, where applicable, the Calculation Agent(s) shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 6.3(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 6.3 will be notified promptly by the Issuer to the Trustee, the Paying Agents, the Calculation Agent(s) (if applicable) and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee, the Paying Agents and, where applicable, the Calculation Agent(s) of the same, the Issuer shall deliver to the Trustee, the Paying Agents and, where applicable, the Calculation Agent(s) a certificate signed by two Authorised Signatories of the Issuer:

(i) confirming:

(A) that a Benchmark Event has occurred,

(B) the Successor Rate or, as the case may be, the Alternative Rate,

(C) the applicable Adjustment Spread, and

(D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6.3; and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the ability of the Trustee or the Calculation Agent or the Paying Agents to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(f) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under other paragraphs of this Conditions 6.3, the Original Reference Rate and the fallback provisions provided for in Condition 6.2(b) will continue to apply unless and until a Benchmark Event has occurred.

(g) **Definitions**

As used in this Condition 6.3:

"**Adjustment Spread**" means either (i) a spread (which may be positive, negative or zero) or (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if the Issuer determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 6.3(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 6.3(d);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of paragraphs (ii), (iii) and (iv) of this definition, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own cost under Condition 6.3(a);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates;

(B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable);

(C) a group of the aforementioned central banks or other supervisory authorities; or

(D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6.4 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

Each Dual Currency Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or the AD Bank approval pursuant to the ECB Guidelines or any other regulatory authority.

6.5 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

Each Partly Paid Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or the AD Bank approval pursuant to the ECB Guidelines or any other regulatory authority.

6.6 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from and including the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6.7 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(a) the Floating Rate Convention (and in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii)), such Interest Payment Date:

(i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) in Condition 6.7(a)(ii) below shall apply *mutatis mutandis*; or

(ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event:

(A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day; and

(B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;

(b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(c) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than the Trans-European Automated Real-Time Gross Settlement Express Transfer ("**TARGET2**") System) specified in the applicable Pricing Supplement; and

(b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System or any successor system is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor system is open.

7 Payments

7.1 Method of Payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Save as provided in Condition 9, payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction in these Conditions, a "**FATCA Withholding**").

7.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America and its possessions).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9.2) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**"):

(a) where in global form, at the close of the business day (being for this purpose, in respect of Notes cleared through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and

(b) where in definitive form, at the close of business on the fifth business day (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Paying Agent is located) before the relevant due date.

For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register, and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by wire transfer in the Specified Currency on the Business Day in the city where the specified office of the relevant Paying Agent is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register:

(a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and

(b) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date.

Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the relevant Paying Agent in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note to, or to the order of, the holder of such Global Note.

So long as the Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Note will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Date before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 11) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

 (i) in the case of Notes in definitive form only, the relevant place of presentation;

 (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; and

(b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System or any successor system is open; and

(c) either:

(i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively); or

(ii) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor system is open.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any Additional Amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

8 Redemption and Purchase

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below in this Condition 8, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

8.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Notes are neither a Floating Rate Note, an Index Linked Interest Note, nor a Dual Currency Note) or on any Interest Payment Date (if the Notes are either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent in writing and, in accordance with Condition 15, to the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9.2) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the pricing date of the first Tranche of the relevant Notes or if later, on or after the date on which a jurisdiction becomes a Tax Jurisdiction with respect to the relevant Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Trustee and to the Principal Paying Agent (to make available at the Principal Paying Agent's specified office (during its normal business hours) to the Noteholders) (i) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred or been satisfied pursuant to the relevant provisions of this Condition 8.2, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.5 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Any notice of redemption will be irrevocable and will provide details of the redemption date. If the Early Redemption Amount referred to in Condition 8.5 in respect of any Notes is improperly withheld or refused and is not paid by the Issuer, interest on the outstanding principal amount of such Notes will continue to be payable as provided in the Trust Deed until the Early Redemption Amount referred to in Condition 8.5 is actually paid.

Any early redemption of the Notes prior to the Maturity Date may require the prior approval of the RBI in accordance with the ECB Guidelines and such approval may or may not be forthcoming. See "Risk Factors – Risks relating to the Notes Generally – Approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Master Directions, is required for redemption of Notes prior to their stated maturity, including upon an Event of Default."

8.3 Redemption at the option of the Issuer (Issuer Call)

If the Issuer Call (as defined herein) is specified as being applicable in the applicable Pricing Supplement, this Condition 8.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for tax reasons as contemplated in Condition 8.2), such option being referred to as an "**Issuer Call**". The applicable Pricing Supplement contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.3 for full information on any Issuer Call. In particular, the applicable Pricing Supplement will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

The Issuer may, having given not less than the minimum period (which shall be not less than seven Business Days) nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 15 and to the Trustee and the Principal Paying Agent in writing (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption.

Any early redemption of the Notes (including for an exercise of the Issuer Call) prior to the Maturity Date may require the prior approval of the RBI in accordance with the ECB Guidelines and such approval may or may not be forthcoming. An early redemption of the Notes (including for an exercise of the Issuer Call) prior to the minimum maturity stipulated under the ECB Guidelines may require prior approval of the RBI in accordance with the ECB Guidelines. See "Risk Factors – Risks relating to the Notes Generally – Approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Master Directions is required for redemption of Notes prior to their stated maturity, including upon an Event of Default."

8.4 Redemption upon Change of Control Triggering Event

Within 15 days following any Change of Control Triggering Event, the Issuer will give notice (the "**Change of Control Triggering Event Notice**") to the Noteholders in accordance with Condition 15 and to the Trustee and the Principal Paying Agent in writing, which such Change of Control Triggering Event Notice shall state that a Change of Control Triggering Event has occurred, provide brief details of the Change of Control Trigger Event and specify the procedure for exercise by the Noteholders of their rights to require redemption of the Notes pursuant to this Condition 8.4.

Following the occurrence of a Change of Control Triggering Event, each Noteholder will have the right to require the Issuer to redeem any of the Notes held by such Noteholder at a purchase price equal to 101 per cent. of the principal amount thereof, plus accrued and unpaid interest (including Additional Amounts pursuant to Condition 9 if any), if any, to (but excluding) the applicable date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Paying Agent, in the case of Bearer Notes, or of the Transfer Agent or the Registrar, in the case of Registered Notes, on any business day (being, in relation to any place, a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a "**Change of Control Trigger Event Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 8.4 accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, the Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Change of Control Trigger Event Put Notice, be held to its order or under its control.

Subject to the receipt of the approval from the RBI or the AD Bank, as the case may be, the Issuer is obliged to redeem any such Notes on the first business day in the place where such Change of Control Trigger Event Put Notice is deposited falling 30 days after such deposit.

A Change of Control Trigger Event Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, the Transfer Agent or the Registrar pursuant to this Condition 8.4 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control Triggering Event is not conditional upon a Change of Control Triggering Event Notice having been given by the Issuer, but must, if such Change of Control Triggering Event Notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such Change of Control Triggering Event Notice by the Issuer.

For purposes of this Condition 8.4:

"**Change of Control**" occurs when:

(a) the Promoter Group collectively no longer holds Control of the Issuer; or

(b) the Promoter Group collectively, directly or indirectly, no longer holds at least 26 per cent. of the voting rights of the issued share capital of the Issuer;

"**Change of Control Triggering Event**" means both a Change of Control and a Rating Decline;

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Issuer, whether through the ownership of voting securities, by contract or otherwise;

"**Fitch**" means Fitch Inc. and its successors;

"**Moody's**" means Moody's Investor Service, Inc. and its successors;

"**Nationally Recognized Statistical Rating Organization**" has the meaning assigned to such term in Section 3(a)(62) of the U.S. Securities and Exchange Act of 1934, as amended;

"**Promoter Group**" shall have the meaning ascribed to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

"**Rating Agencies**" means (a) S&P, (b) Fitch and (c) Moody's; **provided that** if S&P, Fitch or Moody's shall not make a rating of the Notes publicly available, one or more Nationally Recognized Statistical Rating Organizations selected by the Issuer, which will be substituted for S&P, Fitch or Moody's, as the case may be;

"**Rating Category**" means (a) with respect to S&P or Fitch, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (b) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (c) the equivalent of any such category of S&P, Fitch or Moody's used by another Rating Agency.

In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P and Fitch and "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation);

"**Rating Decline**" means in connection with actions contemplated under the definition of "Change of Control", the notification on, or within 60 days after, the earlier of (a) the occurrence of any such actions set forth therein or (b) a public notice of the occurrence of any such actions that such proposed actions will result in the ratings of the Notes by any of the Rating Agencies decreasing by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) below the ratings of the Notes by such Ratings Agency on the Issue Date; and

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Any early redemption of the Notes (including for an exercise of a Noteholder's option following a Change of Control Triggering Event) prior to the Maturity Date may require the prior approval of the RBI in accordance with the ECB Guidelines and such approval may or may not be forthcoming. An early redemption of Notes (including for an exercise of a Noteholder's option following a Change of Control Triggering Event) prior to the minimum maturity stipulated under the ECB Guidelines will require prior approval of the RBI in terms of the ECB Guidelines. See "Risk Factors – Risks relating to the Notes Generally – Approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Master Directions is required for redemption of Notes prior to their stated maturity, including upon an Event of Default."

Any redemption prior to the Maturity Date, including, but not limited to, as a result of an Issuer Tax Call, an Issuer Call, an exercise of a Noteholder's option following a Change of Control Trigger Event or an Event of Default (each as defined in the Conditions), may be subject to the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines and such approval may or may not be provided. See "Risk Factors – Risks relating to the Notes Generally".

The ECB Guidelines provide that in the event there are changes in the terms and conditions of the Notes allowed by the AD Bank under the powers delegated and/or changes approved by the RBI, including reduced repayment by mutual agreement between the lender and borrower, then the Issuer is required to report to the Department of Statistics and Information Management (the "DSIM") through revised Form ECB at the earliest, in any case not later than seven days from the changes effected. Any such changes should be specifically mentioned in the revised Form ECB. Additionally, the Issuer is required to report actual ECB transactions through Form ECB 2 through the AD Bank on a monthly basis so as to reach the DSIM within seven working days from the end of the month to which it relates. Changes, if any, in ECB parameters is required to be incorporated in Form ECB 2.

8.5 Early Redemption Amounts

For the purpose of Condition 8.2 and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount which for the purposes of these Conditions, "**Early Redemption Amount**" means, in respect of any Note (other than a Zero Coupon Note), its principal amount or such other amount as may be specified in the applicable Pricing Supplement; and

(b) each Zero Coupon Note will be redeemed at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

$$\textit{Early Redemption Amount} = \mathrm{RP} \times (1 + AY)^{Y}$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365), or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

8.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8.7 and the applicable Pricing Supplement.

8.8 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder thereof to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11 and Condition 16.

8.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.8 (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and may not be reissued or resold.

8.10 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, Condition 8.2 or Condition 8.4 or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) seven Business Days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

8.11 No Verification by Trustee

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption, Change of Control Trigger Event Put Notice and none of them shall be liable to the Noteholders or any other person for not doing so.

9 Taxation

9.1 Payment without Withholding

All payments in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the "**Additional Amounts**"); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) where the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or

(c) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any FATCA Withholding. Neither the Issuer nor any other person (including without limitation the Trustee and each Agent) will be required to pay any Additional Amounts in respect of any FATCA Withholding.

9.2 Interpretation

As used herein:

(a) "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15; and

(b) "**Tax Jurisdiction**" means India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes generally subject with respect to the Notes, Receipts and Coupons.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines and in accordance with any specific approvals from the RBI or the AD Bank or any other regulatory authority appointed in accordance with the ECB Guidelines, obtained by the Issuer in this regard."

9.3 Transfers or Sales

The Issuer has agreed to indemnify any transferor or transferee of a Note (or any beneficial interest therein), other than a transferor or transferee who is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income, capital gains or gift tax on the transfer or sale of a Note outside India. The foregoing indemnity will terminate upon a practicing eminent Indian taxation lawyer acceptable to the Trustee and the Issuer certifying in writing in form and with content satisfactory to the Trustee that it is satisfied, on the basis of an appropriate amendment of the Indian Income Tax Act, 1961 that the Notes are not and are not deemed to be situated in India.

The Issuer will first obtain approval from the RBI prior to making any payments under such indemnity, if required.

9.4 No Responsibility on Trustee for determinations

Neither the Trustee nor any Agent shall be responsible for paying any tax, duties, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder, any Receiptholder or any Couponholder or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

10 Prescription

The Notes (whether bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9.2) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11 Events of Default and Enforcement

11.1 Events of Default

The Trustee in its discretion may, and if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being first indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and such default continues for three days (in the case of non-payment of principal) or seven days (in the case of non-payment of interest); or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for borrowed money of the Issuer becomes (or becomes capable of being declared) due and repayable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described); (ii) the Issuer fails to make any payment in respect of any Indebtedness for borrowed money on the due date for payment; (iii) any security given by the Issuer for any Indebtedness for borrowed money (A) becomes enforceable or (B) is enforced by the relevant creditors of such Indebtedness; or (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for borrowed money of any other person; **provided that** no event described in this Condition 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iii) above of this Condition 11.1(c), amounts to at least U.S.$30,000,000 (or its equivalent in any other currency or currencies); or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer (save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation whilst solvent); or

(e) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business (save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation whilst solvent) or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not stayed or discharged within 45 days; or

(g) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) a moratorium (which expression shall not include any deferral or principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer in respect of any Indebtedness for borrowed money (including any obligations arising under guarantees) of the Issuer; or

(i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or any of the Transaction Documents; or

(j) except as expressly permitted by the applicable Collateral Documents and the Trust Deed, any Collateral Document at any time for any reason shall cease to be in full force and effect in any material respects, or shall cease to give the Security Trustee on behalf of the Trustee and the Noteholders a first ranking charge (to the extent required by the Trust Deed and the Collateral Documents) in any Collateral or the rights, powers, privileges and priority purported to be created thereby, and such failure continues unremedied for 45 consecutive days after the earlier of (i) the Issuer obtaining knowledge thereof or (ii) the Trustee giving written notice thereof to the Issuer; or

(k) (i) the Issuer, directly or indirectly, contests the effectiveness, validity, binding nature or enforceability of the Trust Deed or any Collateral Document or (ii) any representation or warranty made by the Issuer in any Collateral Document fails to be true in all material respects and such failure continues unremedied for 45 consecutive days after the Issuer commences any such contest or, as the case may be, such failure; or

(l) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in any of the foregoing paragraphs.

Notwithstanding the foregoing, if an Event of Default specified in Condition 11.1(c)(iii)(B) above occurs with respect to the Issuer or any creditor gives instructions to the Security Trustee to enforce any *pari passu* security interests over the Collateral the subject of the Collateral Security Interest under the Collateral Documents, each Note shall thereupon automatically and immediately become due and repayable, without any notice, declaration or other act on the part any of the Trustee or any Noteholder, at its Early Redemption Amount together with accrued interest as provided in these Conditions and the Trust Deed.

ECB Guidelines may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting a redemption of the Notes prior to the Maturity Date and such approval may or may not be forthcoming. Enforcement under any Collateral Document and repatriation of proceeds outside India by the Issuer may require the prior approval of the RBI in accordance with the existing applicable laws and regulation of India.

11.2 Interpretation

In these Conditions, a Potential Event of Default or an Event of Default shall be deemed to be "**continuing**" if (i) it shall not have been waived in writing by the Trustee pursuant to the provisions of the Trust Deed or (ii) it shall have not been remedied to the satisfaction of the Trustee acting on the instructions of the Noteholders by Extraordinary Resolution; provided that, notwithstanding anything herein to the contrary, an Event of Default comprising the failure to deliver a document or perform an act within a period of time or on or by a specified date shall be deemed to be capable of remedy and shall cease to be "**continuing**" once that document has been delivered or that act has been performed.

11.3 Enforcement

The Trustee may at any time, in its discretion and without notice, take such steps and/or actions and/or institute proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, or to give any directions to the Security Trustee under or in connection with the Collateral Documents (including, but not limited to, instructing the Security Trustee to enforce all or any of the Collateral Security Interest) but it shall not be bound to take any such steps, actions and/or proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons or the Collateral Documents unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (b) it shall have been first indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or instruct the Security Trustee to enforce all or any of the Collateral Security Interest, unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12 Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office (in the case of Bearer Notes, Receipts or Coupons) of the Principal Paying Agent or (in the case of Registered Notes) of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Paying Agents, Registrar and Transfer Agent

The names of the initial Paying Agents, the initial Registrar and the initial Transfer Agent and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar or the Transfer Agent and/or appoint additional or other Paying Agents, Registrar or Transfer Agent, **provided that**:

(a) there will at all times be the Principal Paying Agent and a Registrar; and

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent, and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given promptly to the Noteholders by the Issuer in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents, the Registrar and the Transfer Agent act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15 Notices

Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as notified by the Issuer in writing to the Trustee. It is expected that such publication will be made in the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing, such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published by the Issuer on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

16 Meetings of Noteholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed or (where applicable) the Collateral Documents. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if so requested in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed or (where applicable) the Collateral Documents (including, inter alia, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than 66 2/3 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting, such meeting comprising one or more persons holding or representing not less than 33 1/3 per cent. in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in outstanding nominal amount of the Notes for the time being outstanding or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee (i) may (but shall not be obliged to), without the consent of the Noteholders, Receiptholders or Couponholders, agree (or in the case of the Collateral Documents, direct the Security Trustee to agree) to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, the Agency Agreement or the Collateral Documents, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, if, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so, and (ii) may (but shall not be obliged to) agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer or direct the Security Trustee to agree to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any Subsidiary, subject to (A) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (B) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (C) certain other conditions set out in the Trust Deed being complied with (which include, without limitation, the approval of the AD Bank or the RBI, if applicable, in accordance with the ECB Guidelines, having being obtained prior to such substitution).

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

17 Indemnification of the Trustee and Trustee Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and to be paid its costs and expenses in priority to the claims of the Noteholders, Receiptholders or Couponholders. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst case scenario and (b) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

Notwithstanding anything to the contrary, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or the conditions of the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

The Trustee may rely, without liability to the Noteholders, the Receiptholders and the Couponholders on any report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders, the Receiptholders and the Couponholders.

The Trustee shall not be obliged to take any steps to ascertain whether a Potential Event of Default (as defined in the Trust Deed) or Event of Default has occurred or to monitor the occurrence of any Potential Event of Default or Event of Default, and shall not be liable to the Noteholders, the Receiptholders, the Couponholders or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each of the Noteholders, the Receiptholders and the Couponholders shall not rely on the Trustee in respect thereof.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (i) to enter into business transactions with the Issuer or any person or body corporate associated (directly or indirectly) with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer under an indemnity clause may require the prior approval of the RBI in accordance with the existing applicable laws and regulations of India.

18 Further Issues

The Issuer may from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having terms and conditions the same as the Notes or the same in all respects (or in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) so that the same shall be consolidated and form a single Series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 18 and forming a single series with the Notes.

19 Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 11, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 Governing Law and Submission to Jurisdiction

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

20.2 Submission to jurisdiction

(a) Subject to Condition 20.2(c), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and the Trustee and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) This Condition 20.2 is for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders only. To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at 5/F, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Waiver of Immunity

To the fullest extent permitted by law, the Issuer irrevocably and unconditionally:

(a) submits to the jurisdiction of the English courts in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;

(b) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any other jurisdiction in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no such claim is made on its behalf; and

(c) consents to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation: (i) relief by way of interim or final injunction or order for specific performance or recovery of any property; (ii) attachment of its assets; and (iii) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use) and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or] [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 [(the "**Prospectus Regulation**")].] Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

["**MiFID II product governance/Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels."]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).[1]]

[Date]

Manappuram Finance Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.$750,000,000 Secured Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 26 November 2019 [and the supplement[s] to it dated [●]] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1 For any Notes to be offered to Singapore investors, the Issuer to consider classification of the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [●]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [●] and are attached hereto.]

[*The following language applies if any tranche of the Notes is intended to be "qualifying debt securities" (as defined in the Income Tax Act, Chapter 134 of Singapore*):

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

(1)		Issuer:	Manappuram Finance Limited
(2)	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [*date*]] [Not Applicable]
(3)		Specified Currency or Currencies:	[●]
(4)		Aggregate Nominal Amount:	
	(a)	Series:	[●]
	(b)	Tranche:	[●]

(5)	(a)	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable)*] [*In case of a denomination in INR, the below is to be included:* The Issue Price will be payable in USD and will be based on the Aggregate Nominal Amount (in INR) divided by the conversion rate reported by the Financial Benchmark India Private Limited at approximately 1.30 p.m., Mumbai time, on [●] and displayed on Bloomberg page "INRRATE Index" (or any successor page).]
	(b)	[Net proceeds:	[●]]
	(c)	[Private bank rebate/selling [●]] commission:	[●]]
	(d)	[Discretionary fee:	[●]]
(6)	(a)	Specified Denominations:	[●] (*N.B. Notes must have a minimum denomination of €100,000 or equivalent) (Note – where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed: "[€100, 000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."*) (*N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.*) (*In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.*)
	(b)	Calculation Amount (and in relation to calculation of interest in global form see Conditions):	[●] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)

	(c)	[Rupee Denominated USD Notes Settlement Currency]	[●]
(7)	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[Specify/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
(8)	Maturity Date:		[*Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]*]
(9)	Interest Basis:		[[●]% Fixed Rate] [[LIBOR/EURIBOR] +/-[●]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
(10)	Redemption/Payment Basis:		[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*] [*In case of Notes denominated in INR, the below is to be included:* Any payment (whether principal or interest) with respect to Notes denominated in INR shall be settled and paid in USD.]
(11)	Change of Interest Basis or Redemption/Payment Basis:		[Applicable/Not Applicable] (*if applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis) (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
(12)	Put/Call Options:		[Investor Put] [Issuer Call] [*(further particulars specified below)*]
(13)	(a)	Date of board approval for issuance of Notes obtained:	[●] [and [●], [respectively]]/[None required] (*N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes*)

	(b)	Date of regulatory approval/ consent for issuance of Notes obtained:	[●]/[None required] (*N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes*)
(14)	Listing:		[Singapore/specify other/None] (*N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market*)
(15)	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

(16)	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[●]% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including the Maturity Date (Amend appropriately in the case of irregular coupons)
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form, see Conditions):	[●] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form, see Conditions):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
	(e)	Day Count Fraction:	[Actual/Actual (ICMA)]; [30/360]; [Actual/365 (Fixed)] [specify other]
	(f)	Determination Date(s):	[[●] in each year] [Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
(17)	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable,* delete the remaining subparagraphs of this paragraph)

(a)	Specified Period(s)/Specified Interest Payment Dates:	[●][, subject to adjustment in accordance with the Business Day Convention set out in (b) below,/ not subject to any adjustment, as the Business Day Convention in (b) below is specified to be not applicable.]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]] [Adjusted/Unadjusted]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/[Not Applicable]/[*specify other*]]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
(f)	Screen Rate Determination:	
	Reference Rate:	[●] month [LIBOR/EURIBOR/specify other Reference Rate] (Either LIBOR, EURIBOR or other, although additional information required if other, including fallback provisions in the Agency Agreement).
	Interest Determination Date(s):	[●] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
	Relevant Screen Page:	[●] (*In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g)	ISDA Determination:	
	Floating Rate Option:	[●]
	Designated Maturity:	[●]
	Reset Date:	[●] (*in the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)

	(h)	Margin(s):	[+/-][●]% per annum
	(i)	Minimum Rate of Interest:	[●]% per annum
	(j)	Maximum Rate of Interest:	[●]% per annum
	(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(18)	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[●]% per annum
	(b)	Reference Price:	[●]
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction in relation Early Redemption Amounts:	[●] (*Need to include a description of market disruption or settlement disruption events and adjustment provisions*)
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(g)	Additional Business Centre(s):	[●]
	(h)	Minimum Rate of Interest:	[●]% per annum
	(i)	Maximum Rate of Interest:	[●]% per annum
	(j)	Day Count Fraction:	[●]
(19)	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate of Exchange/method of Calculating Rate of Exchange:	[*give details*]

	(b)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[●]
	(c)	Provisions for determining [●] Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

(20)	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[●] per [Calculation Amount/specify other/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period:	Minimum period: [15] days Maximum period: [30] days (*N.B. If setting notice periods, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between our Company and the Trustee*)

(21)	Investor Put:	[Applicable/Not Applicable] [(*If not applicable, delete the remaining subparagraphs of this paragraph*)]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount of each Note and Appendix method, if any, of calculation of such amount(s):	[[●] per [Calculation Amount/specify other/see Appendix]
	(c) Notice period:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between our Company and the Trustee*)
(22)	Final Redemption Amount:	[●] per Calculation Amount
(23)	Early Redemption Amount payable on redemption for tax reasons, redemption upon Change of Control Triggering Event or on event of default and/or the method of calculating the same (if required):	[[●] per [Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

(24)	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes only upon an Exchange Event] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:*

		"*[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary/ Permanent Bearer Global Note exchangeable for Definitive Bearer Notes.*) [Registered Notes: Registered Global Note (U.S.$[●] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg] *(specify nominal amounts)*] *(Ensure that this is consistent with the language in the "Form of the Notes" section in the Offering Circular and the Notes themselves)*
(25)	Additional Financial Centres:	[Not Applicable/give details] (*Note that this item relates to the date of payment and not Interest Period end dates to which items 17(c) and 19(f) relate*)
(26)	Talons for future Coupons to be attached to Definitive Bearer Notes in bearer form (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
(27)	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]
(28)	Details relating to Instalment Notes:	[*Not Applicable*]
	(a) [Instalment Amount(s):	[*give details*]]
	(b) [Instalment Date(s):	[*give details*]]
(29)	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

(30)	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
(31)	If non-syndicated, name of relevant Dealer:	[●]
(32)	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]
(33)	U.S. Selling Restrictions:	[Regulation S [Category 1/Category 2]
(34)	Additional selling restrictions:	[Not Applicable/*give details*]
(35)	Additional U.S. federal income tax considerations:	[Not Applicable/*give details*][2]
(36)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes may constitute "packaged" products and no key information document (which is required by Regulation (EU) No 1286/2014 for offering or selling the Notes or otherwise making them available to retail investors in the EEA) will be prepared, "Applicable" should be specified.*)

OPERATIONAL INFORMATION

(37)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(38)	Delivery:	Delivery [against/free of] payment
(39)	Additional Paying Agent(s) (if any):	[●]
	ISIN:	[●]
	Common Code:	[●]
	Legal Entity Identifier:	335800JL5WTUSKOSPN77
(40)	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in [U.S. dollars]):	[Not Applicable/U.S.$]

2 If Index Linked Notes referencing U.S. equities are issued, additional U.S. tax analysis must be undertaken to determine implications (if any) under Section 871(m) of the Code. Additional U.S. tax disclosures and discussions in the supplement may be required.

(42)	[Ratings:	The Notes to be issued have been rated: [Fitch: [●]] [S&P: [●]] [Other: [●]] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*]

[**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$750,000,000 Secured Euro Medium Term Note Programme of Manappuram Finance Limited.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Duly authorised

FORMS OF THE NOTES

The Notes of each Series will either be in bearer form, with or without interest coupons ("**Coupons**") attached ("**Bearer Notes**"), or registered form, without interest coupons attached ("**Registered Notes**"). Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear and/or Clearstream, Luxembourg and/or any other clearing system as specified in the applicable Pricing Supplement.

Bearer Notes

The Bearer Notes of each Tranche will initially be represented by either a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, the "**Bearer Global Notes**", and each a "**Bearer Global Note**") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg. While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that there is presented to the Principal Paying Agent by Clearstream, Luxembourg or Euroclear a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Notes represented by the Temporary Bearer Global Note (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by it.

On or after the date (the "**Exchange Date**") which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note may be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes ("**Definitive Bearer Notes**") of the same Series with, where applicable, receipts, interest coupons and/or talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and/or talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to the Noteholders and the Trustee in accordance with Condition 15 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

"*ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.*"

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "**Registered Global Note**").

Registered Global Notes will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form ("**Definitive Registered Notes**").

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 of the Terms and Conditions of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar (each as defined in the Terms and Conditions of the Notes) will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note may be exchanged, in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that in the case of Notes registered in the name of nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to the Noteholders and the Trustee in accordance with Condition 15 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined in the Terms and Conditions of the Notes), the Principal Paying Agent shall arrange that, where a further Notes of a Tranche is issued which is intended to be consolidated and form a single Series with Notes of an existing Tranche at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN number which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note (each a "**Global Note**") deposited with a common depositary for Euroclear and Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear, or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes shall be deemed to be the holder of such nominal amount of such Notes (and the bearer or registered holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions "**Noteholder**", "**holder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and, where applicable, the Registrar.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

DESCRIPTION OF COLLATERAL

The following provides a general summary of key provisions of the Collateral Documents. Such statements do not purport to be complete and are qualified in their entirety by reference to the Collateral Documents. Defined terms used in this section shall have the meanings given to them in the Collateral Documents.

The creation of security pursuant to the Notes are subject to applicable laws, including the ECB Guidelines, the rules, regulations, circulars and guidelines issued by the RBI, from time to time, and an approval from the authorised dealer bank which may be required in respect of creation of security in relation to the Notes.

For any enforcement of security created over the Collateral and remittance of such amount, the Issuer is required to obtain the prior approval of the RBI or the authorised dealer bank, as the case may be, and such approval may or may not be forthcoming.

Collateral

The Notes will be secured by Indian law-governed security interests over the Receivables (*as defined in the Terms and Conditions of the Notes*) of the Issuer (both present and future) arising out of lending activities (including loans and advances).

"**Receivables**" mean all current assets, book-debts, loans and advances, receivables, including gold loan receivables, both present and future (together with all benefits, rights, title, interest, claims and demands whatsoever of the Issuer in, to or in respect of all the aforesaid amounts, both present and future, the "**Collateral**"), provided that the Collateral shall not include any property, assets and/or receivables of the Issuer from the Collateral designated as Excluded Collateral (*as defined in the Terms and Conditions of the Notes*) pursuant to Condition 5.4(b) of the Terms and Condition of the Notes.

The security interest over the Collateral shall be shared on a *pari passu* basis with other creditors of the Issuer existing as of the date of this Offering Circular and any other creditors in favour of which security interest over the Collateral is created by the Issuer at any time in the future.

The Issuer is also permitted to create further security interest over the Collateral for the benefit of its other creditors provided no Event of Default has occurred and is continuing, and the Minimum Security Coverage Ratio is maintained (*as defined in the Terms and Conditions of the Notes*).

The Issuer shall complete all actions in relation to the perfection of the security interest created over the Collateral to secure the Notes, including making the requisite filings with the Registrar of Companies, Ernakulam, within 30 days of the Issue Date. *Please refer to the section titled Terms and Conditions – Condition 3 (Status).*

Security Documents

For the purpose of creating the security interest over the Collateral, a deed of hypothecation is proposed to be executed in favour of Catalyst Trusteeship Limited as the Onshore Security Trustee acting on behalf of itself, the Trustee and the Noteholders, prior to the Issue Date for each Tranche of Notes.

Further, the Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Additionally, a no-objection certificate from the designated authorised dealer category-I bank will be required for the creation of security interest over the Collateral in accordance with the ECB Guidelines.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arranger, the Dealer, the Trustee or any Agent, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. None of the Issuer, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

APPLICABLE INDIAN REGULATIONS AND POLICIES

The following is a summary of relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to the Company's business. The information has been obtained from legislation available in the public domain, and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which is subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Investors should carefully consider the information described below, together with the information set out in the other sections of this Offering Circular (including the financial statements) before making an investment decision relating to the Notes, as any changes in the regulations and policies could have a material adverse effect on the Company's business.

As per the Reserve Bank of India Act, 1934 ("**RBI Act**"), a financial institution has been defined as any non-banking institution carrying on as its business or part of its business, financing activities, whether by way of making loans or advances or otherwise, and is engaged in the activities of loans, acquisition of shares, stock, bonds, debentures and securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale, purchase or construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business ("**NBFC**") is to be treated as an NBFC. However, the term "principal business" has not been defined in the RBI Act. The Reserve Bank of India ("**RBI**") has clarified, that in order to identify a particular company as an NBFC, carrying on financial activity as its principal business, it would take into account that a company's financial assets constitute more than 50 per cent. of the total assets and income from financial assets constitute more than 50 per cent. of the gross income. Both these tests are required to be satisfied as the determining factor for principal business of a company.

The RBI Act, allows NBFCs to commence or carry on the business of a non-banking financial institution only after obtaining a Certificate of Registration ("**CoR**") and having a minimum net owned fund, as prescribed by the RBI. Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case not later than 31 December of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

Types of NBFCs

NBFCs are categorised into deposit taking NBFCs (NBFCs accepting public deposits) and NBFCs not accepting public deposits. NBFCs are further categorised by their size into systemically important and non-systemically important non-deposit taking companies and by the kind of activity they conduct. The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies), (ii) infrastructure finance companies, (iii) infrastructure debt funds, (iv) NBFC – micro finance institutions, and (v) NBFC – factors.

Types of activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinction is that a NBFC cannot accept deposits which are repayable on demand and can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand.

In April 2019, RBI permitted systemically important non-deposit taking investment and credit companies to be eligible for an authorised dealer-category ii (AD – Cat II) licence, subject to (i) such an NBFC having a 'minimum investment grade rating'; and (ii) putting in place a board approved policy on (a) managing the risks, including currency risk, if any, and (b) handling customer grievances arising out of such activities. Further, a monitoring mechanism, operating at monthly intervals, must be in place for such activities.

Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity must register as a NBFC with the RBI and is required to have a minimum net owned fund of Rs. 20 million. For this purpose, the RBI Act has defined "net owned fund" to mean:

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting:

    (i) accumulated balance of losses;

    (ii) deferred revenue expenditure; and

    (iii) other intangible assets;

    further reduced by the amounts representing,

(b) investment by such companies in shares of:

    (iv) its subsidiaries, companies in the same group, other NBFCs, and

    (v) the book value of debentures, bonds, outstanding loans (including hire purchase and lease finance) made to, and deposits with subsidiaries of such companies; and companies in the same group, to the extent such amount exceeds 10 per cent. of (iv) above.

Capital Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20 per cent. of its net profits earned annually before declaration of dividend. This sum cannot be appropriated by the NBFC except for purposes as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (the "**NBFC Master Direction**") and by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The NBFC Master Direction contains detailed directions on prudential norms for an NBFC and, amongst other requirements, prescribes guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements and concentration of credit and investment.

Asset Classification under the NBFC Master Direction

The NBFC Master Direction requires that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and any other forms of credit into the following classes:

(a) *Standard asset* – refers to an asset for which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;

(b) *Sub-standard asset* – refers to an asset which has been classified as non-performing asset for a period not exceeding 12 months for the fiscal year ending;

(c) *Doubtful asset* – refers to a term loan, a lease asset, a hire purchase asset or any other asset, which remains a sub-standard asset for a period exceeding 12 months for the fiscal year ending; and

(d) *Loss Asset* – refers to an asset which has been identified as loss asset by the applicable NBFC, its internal or external auditor or by the RBI during the inspection of the applicable NBFC, to the extent it has not been written off by the NBFC and an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(e) *Non-Performing Asset* refers to:

(i) an asset, in respect of which, interest has remained overdue for a period of three months or more;

(ii) a term loan inclusive of unpaid interest, where the instalment is overdue for a period of three months or more or on which an interest amount has remained overdue for a period of three months or more;

(iii) a demand or call loan, which has remained overdue for a period of three months or more from the date of demand or call or on which an interest amount has remained overdue for a period of three months or more;

(iv) a bill which has been overdue for a period of three months or more;

(v) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, for which the facility has remained overdue for a period of three months or more;

(vi) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which have remained overdue for a period of three months or more;

(vii) the lease rental and hire purchase instalment, which has been overdue for a period of three months or more; or

(viii) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such an upgrade.

Provisioning Requirements

NBFCs are required to follow certain provisioning requirements as set out in the NBFC Master Direction. Every NBFC shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided below.

Loans, advances and other credit facilities including bills purchased and discounted:

(a) *Loss Asset* – for a loss asset to be permitted to remain on the books of an NBFC for any reason, it shall provision 100 per cent. of the outstanding;

(b) *Doubtful Asset* – 100 per cent. provision to the extent to which the advance is not covered by the realisable value of the security to which the applicable NBFC has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis; and

(c) *Sub-standard asset* – A general provision of 10 per cent. of total outstanding shall be made.

The NBFC Master Direction requires that the provision for standard assets is 0.40 per cent.

Every NBFC is required to separately disclose in its balance sheet the provisions made in accordance with the applicable prudential norms prescribed by the RBI without netting them from the income or against the value of assets. Further, the provisions must be distinctly indicated under separate heads of account as titled:

(a) provisions for bad and doubtful debts; and

(b) provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC and shall be debited to the profit and loss account for each year. The excess of provisions, if any, held under the heads, general provisions and loss reserves, may be written back without making adjustment against them.

In addition to the above, every applicable NBFC shall disclose the following particulars in its balance sheet:

(a) Capital to Risk Assets Ratio;

(b) Exposure to real estate sector, both direct and indirect; and

(c) Maturity pattern of assets and liabilities.

Capital Adequacy Norms

In terms of the NBFC Master Direction, every NBFC shall maintain a minimum capital ratio consisting of Tier I capital and Tier II capital of not less than 15 per cent. of its aggregate risk weighted assets on balance sheet, and of risk adjusted value of off-balance sheet items, is required to be maintained. Perpetual debt instruments issued in excess of 15 per cent. should be included in Tier II capital, subject to the proviso that Tier II capital does not exceed Tier I capital. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 per cent. or more of their financial assets) shall maintain a minimum Tier I capital of 12 per cent.

Asset Liability Management

The RBI has, under the NBFC Master Direction, consolidated the guidelines for asset liability management ("**ALM**") systems in relation to NBFCs (the "**ALM Guidelines**") which apply to all NBFCs. As per the NBFC Master Direction, NBFCs meeting the criteria of an asset base of Rs. 1000 million (irrespective of whether they are accepting/holding public deposits or not) or holding public deposits of Rs. 200 million or more (irrespective of the asset size), as per their last audited balance sheet, are required to have in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the one to 30/31 days' time-bucket should not exceed the prudential limit of 15 per cent. of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15 per cent. of the cumulative cash outflows of up to one year. In the event that these limits are exceeded, the measures proposed for bringing the gaps to within the limit should be outlined by a footnote in the relevant statement.

Fair Practices Code

The NBFC Master Direction prescribes a fair practices code (the "**Fair Practices Code**") and has required that the Fair Practices Code of each NBFC to be published and disseminated on its website. The code prescribes, amongst others, the following requirements, to be adhered to by NBFCs:

(a) Inclusion of necessary information affecting the interest of the borrower in the loan application form;

(b) Creation of a mechanism to acknowledge receipt of loan applications and to establish a time frame within which such loan applications are to be disposed;

(c) Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC;

(d) Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively;

(e) Refraining from interfering in the affairs of the borrowers, except for the purposes provided in the terms and conditions of the loan agreement;

(f) Avoidance of resorting to undue harassment in the matter of recovery of loans;

(g) Formation of an appropriate grievance redressal mechanism for resolving disputes; and

(h) Periodical review of the NBFC's compliance with the Fair Practices Code and the functioning of its grievances redressal mechanism at various levels of management. A consolidated report outlining the same should be submitted to the NBFC's board of directors at regular intervals, as may be prescribed by it.

Norms for Excessive Interest Rates

The NBFC Master Direction sets out the requirement for NBFCs to put in place appropriate internal principles and procedures in determining interest rates, processing and other charges. The Board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this information must also be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be at an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Fraud Monitoring Directions")

The Fraud Monitoring Directions apply to all deposit taking NBFCs and systemically important non-deposit taking NBFCs. The Fraud Monitoring Directions require the relevant NBFCs to put in place a reporting system for reporting frauds and fix staff accountability in respect of delay in reporting of fraud cases to the RBI. All systemically important NBFCs are required to report all cases of fraud of Rs. 100,000 and above, and if the fraud is above Rs. 10 million, the NBFC would be required to report such fraud in a prescribed format within three weeks from the date of detection thereof. Such NBFCs are also required to report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Direction on Know Your Customer ("KYC") Direction, 2016 (the "KYC Master Direction")

The RBI issued the KYC Master Direction on 25 February 2016. The KYC Master Direction advises all regulated entities (including NBFCs) to adopt such guidelines with suitable modifications, depending upon the activities undertaken by them, and to ensure that a proper policy framework on KYC and anti-money laundering standards are in place. The KYC policies are required to have certain key elements such as a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorised by the NBFCs, including brokers/agents, due diligence of persons authorised by the NBFCs and customer service in terms of identifiable contact with persons authorised by NBFCs.

Anti-Money Laundering

The Prevention of Money Laundering Act, 2002 (the "**PMLA**") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved with, money-laundering and for matters connected therewith or incidental thereto. The Government of India under the PMLA has issued the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended (the "**PML Rules**"). The PMLA and PML Rules extend to all banking companies and financial institutions, including NBFCs and intermediaries.

Pursuant to the provisions of PMLA, PML Rules and the KYC Master Direction, all NBFCs are advised to appoint a principal officer for internal reporting/reporting to the financial intelligence unit of India of suspicious transactions and cash transactions and to maintain a system of proper record of (i) all cash transactions of value of more than Rs. 1 million (or its equivalent in foreign currency); (ii) all series of cash transactions integrally connected to each other which have been valued below Rs. 1 million (or its equivalent in foreign currency), where such series of transactions have taken place within a month and the aggregate value of such transaction exceeds Rs.1 million (iii) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine.

Additionally, all NBFCs should ensure that records pertaining to the identification of their customers and their respective addresses are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship has ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Corporate Governance Guidelines

To enable NBFCs to adopt best practices and greater transparency in their operations, RBI has prescribed corporate guidelines under the NBFC Master Direction. All NBFCs are required to adhere to certain corporate governance norms, including the constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee and certain other norms in connection with disclosure, transparency and connected lending. The NBFC Master Direction also prescribes a fit and proper criteria for the appointment of directors on the boards of NBFCs.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

The NBFC Master Direction provides directions for managing risks and on the code of conduct that should be adopted while outsourcing of financial services. “Outsourcing” has been defined as the NBFC’s use of a third party to perform activities on a continuing basis that would normally be undertaken by the NBFC itself. A third party could be an affiliated entity within the relevant NBFC’s corporate group or an entity that is external to the NBFC’s corporate group.

In relation to the outsourcing of financial services to a third party, typically ‘outsourcing’ includes: (i) processing of loans, credit cards, documents, market and research; (ii) supervision of loans; (iii) data processing; (iv) activities related to back office. For the purpose of the NBFC Master Direction, material outsourcing arrangements are those which, if disrupted, have the potential to significantly impact the (i) business operations, (ii) reputation and brand value, (iii) profitability, or (iv) customer service of the NBFC.

An NBFC intending to outsource any of its financial activities is required to have a comprehensive outsourcing policy, approved by its Board, which incorporates, *inter alia*, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities.

The NBFC Master Direction also directs that certain activities carried out by NBFCs cannot be outsourced. These include core management functions such as (i) internal audit; (ii) strategic and compliance functions; and (iii) decision-making functions (such as determining compliance with KYC norms for opening deposit accounts, according sanction for loans (including retail loans) and management of investment portfolio). Such activities are permitted to be outsourced by an NBFC, provided it is within a group or conglomerate, subject to certain conditions.

Any activities outsourced outside India should be conducted in a manner so as to not hinder efforts to supervise or reconstruct the Indian activities of an NBFC from time to time. The underlying principles of the NBFC Master Direction seek to provide that NBFCs shall ensure that outsourcing arrangements neither diminish their ability to fulfil their obligations to customers, nor impede effective supervision by RBI. NBFCs, therefore, have to take steps to ensure that the service provider employs the same high standard of care in performing the services as is expected to be employed by the NBFCs, if the activities were conducted by the NBFC itself and were not outsourced. Accordingly, NBFCs shall not engage in any outsourcing that would result in their internal control, business conduct or reputation being compromised or weakened.

Information Technology Framework

The RBI has issued a Master Direction on Information Technology Framework for the NBFC Sector dated 8 June 2017 (the "**IT Master Direction**"). The focus of the IT Master Direction is on information technology governance, information technology policies, information and cyber security, information technology operations, information security audit, business continuity planning and information technology services outsourcing. These directions are categorised into two parts, those which are applicable to all NBFCs with asset size above Rs. 5,000 million (considered as systemically important) and those for NBFCs with asset size below Rs. 5,000 million. The IT Master Directions, *inter alia*, mandate NBFCs to form an information technology strategy committee, to draft an information technology policy, an information security policy and cyber security policy. The IT Master Directions also mandate a board-approved cyber security policy and prescribe the time frame within which the mandated activities should be completed by the NBFC.

Guidelines on Securitisation of Standard Assets

The NBFC Master Direction provides the 'Guidelines on Securitisation of Standard Assets' as applicable to NBFCs (the "**Securitisation Guidelines**") which regulate assignment transactions undertaken by NBFCs. The Securitisation Guidelines impose a restriction on the offering of credit enhancement in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows. Further, the Securitisation Guidelines provide that loans can only be assigned or securitised if the NBFC has held them in their books for a specified minimum holding period. They also provide a mandatory retention requirement for securitisation and assignment transactions.

Ombudsman Scheme for NBFCs

The RBI under Section 45L of the RBI Act issued on 23 February 2018, the Ombudsman Scheme for Non-Banking Financial Companies, 2018. This was extended to non-deposit taking NBFCs having customer interface, with an asset size of Rs. 1000 million or above, pursuant to a notification dated 26 April 2019. Under this scheme, the RBI appoints an ombudsman to exercise general powers of superintendence and control, and to receive and consider complaints relating to the deficiencies in services such as failure to convey in writing, the amount of loan sanctioned along with terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide sanction letter/terms and conditions of sanction in vernacular language or a language as understood by the borrower, levying of charges without adequate prior notice to the borrower/customer.

For the purpose of carrying out the duties under this scheme, an Ombudsman may require the NBFC against whom the complaint is made or any other NBFC concerned with the complaint, to provide any information or furnish certified copies of any document relating to the complaint which is or is alleged to be in its possession.

Subsequently, under this scheme, the Ombudsman may pass an award either allowing or rejecting the complaint, contain the directions, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the NBFC. However, the award cannot be more than the actual loss suffered by the complainant as a direct consequence of the act of omission or commission of the NBFC, or Rs. 1 million, whichever is lower.

Lending against security of gold

The RBI pursuant to the NBFC Master Direction has prescribed that all NBFCs maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. The value of gold jewellery for the purpose of determining the maximum permissible loan amount is required to be the intrinsic value of the gold content of the jewellery and no other cost elements can be added.

The NBFC Master Directions has prescribed guidelines with regard to the following:

(a) Appropriate infrastructure for storage of gold ornaments: The RBI has prescribed that a minimum level of physical infrastructure and facilities must be available in each of the branches engaged in financing against gold jewellery, including a safe deposit vault and appropriate security measures, for operating the vault to ensure security of the gold and borrower convenience. No new branches should be opened without suitable storage arrangements having been made.

(b) Prior approval of RBI: It is mandatory for NBFCs that are in the business of lending against a collateral of gold jewellery to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However, NBFCs which already have more than 1,000 branches, must approach the Reserve Bank for prior approval for any further branch expansion.

(c) Standardisation of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by Bombay Bullion Association Limited or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(d) Verification of the ownership of gold: NBFCs must have board approved policies in place to satisfy ownership of the gold jewellery, and adequate steps must be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer, undertaken. Where the gold jewellery pledged by a borrower at any one time, or cumulatively on loan outstanding, is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down by a board approved policy.

(e) Other instructions: NBFCs financing against the collateral of gold must insist on a copy of the pan card of the borrower for all transactions above Rs. 500,000. High value loans of Rs. 20,000 and above can only be disbursed by cheque. Documentation across all branches must be standardised.

Regulation of companies

Companies Act, 2013 (the "Companies Act")

The Companies Act, as amended, seeks to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures such as, *inter alia*: (i) increasing the accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability, including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts, for summary trial of offences under the Companies Act offences; (ix) mandatory constitution of corporate social responsibility committee for every company having net worth of Rs. 5,000 million or more, or turnover of Rs. 10,000 million or more or a net profit of Rs. 50 million or more during the immediately preceding financial year, and is required to spend in every fiscal year, at least two per cent. of the average net profits of the company made during the three immediately preceding fiscal years; (x) introducing of the National Company Law Tribunal and its appellate authority, which is the National Company Law Appellate Tribunal, which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body; and (xi) providing rules on related party transactions and acceptance of deposits.

Large Corporates Framework

The Securities and Exchange Board of India issued a circular on "Fund raising by issuance of Debt Securities by Large Entities" dated 26 November 2018 (the "**Large Corporates Framework**"). The Large Corporates Framework came into force on 1 April 2019. The Large Corporates Framework applies to all entities that (i) have equity shares or convertible securities or debt securities or non-convertible redeemable preference shares listed on a recognised stock exchange, (ii) have an outstanding long term borrowing of INR 1000 million or more, and (iii) have a credit rating of "AA and above" (each such entity will be a "**Large Corporate**").

The Large Corporates Framework mandates that any listed company that qualifies as a Large Corporate will be required to raise at least 25 per cent. of its incremental borrowings in a fiscal year by way of issuance of debt securities. For each Large Corporate, the requirement for meeting a minimum of 25 per cent. of its incremental borrowings by way of issuance of debt securities (i) for the fiscal years 2019-20 and 2020-21 shall be on an annual basis and shall comply with the same by last day of fiscal year 2019-20 and fiscal year 2020-21, respectively and in case it is unable to comply with this requirement, it will be required to provide an explanation for such shortfall to the stock exchanges; (ii) from fiscal year 2021-22 the said requirement of incremental borrowing will need to be complied with over a contiguous block of two years and in case at the end of two years, there is a shortfall in the requisite borrowing, a monetary penalty of 0.2 per cent. of the shortfall in the borrowed amount will be levied and the same will be paid to the relevant stock exchanges.

Banning of Unregulated Deposit Schemes Act, 2019 (the "BUDS Act")

The BUDS Act received the President's assent on 31 July 2019 and came into force with effect from 21 February 2019. The BUDS Act aims to provide for a comprehensive mechanism to ban the unregulated deposit schemes, other than deposits taken in the ordinary course of business, and to protect the interest of depositors.

The BUDS Act defines the term "deposit" to mean an amount of money received by way of an advance or loan or in any other form, by any deposit taker with a promise to return whether after a specified period or otherwise, either in cash or in kind or in the form of a specified service, with or without any benefit in the form of interest, bonus, profit or in any other form. The term however excludes, among others, amounts received as loan from a scheduled bank or a co-operative bank, amounts received as loan or financial assistance from the Public Financial Institutions, and amounts received from foreign Governments or foreign entities.

Every deposit taker that commences or carries on its business as such on or after the commencement of the BUDS Act is required to intimate the authority designated under the BUDS Act about its business in such form and manner and within such time, as may be prescribed.

Further, the contravention of the BUDS Act can lead to imprisonment and levy of fine on the contravening deposit taker.

Laws in relation to securing and recovering debts

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended, as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the "SARFAESI Act")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. The borrower must have defaulted in the repayment of any secured debt or any instalment thereof. Rights, with respect to the enforcement of security interest under the SARFAESI Act, cannot be enforced unless the account of the borrower has been classified as a non-performing asset in the books of account of the secured creditor, in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60 day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60 day notice period, can: (i) take possession of the secured assets; (ii) take over, directly or indirectly, the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require, at any time by notice in writing, any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt.

The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licences, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, in which security interest has been created. The provisions of the SARFESI Act do not apply to security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than Rs. 10 million, agricultural land and any case where the amount due is less than 20.00 per cent. of the principal amount and interest. In addition, the Ministry of Finance, pursuant to a notification, provided that the SARFAESI Act shall be applicable to certain NBFCs which have assets over Rs. 5,000 million as per their last audited balance sheet. In respect of these specified NBFCs (including the Company) the provisions of Sections 13 to 19 of the SARFAESI Act, apply to any secured debt with a principal amount of Rs. 10 million or more.

In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Registration of a charge

Under the Companies Act and Companies (Registration of Charges) Rules, 2014, a company is required to register a charge on its property or assets or any of its undertakings, whether tangible or otherwise, by filing the relevant form (as prescribed under the Companies Act) with the relevant registrar of companies ("**RoC**") along with the instrument creating this charge within 30 days of its creation by paying a prescribed fee.

No charge created by a company will be taken into account by the liquidator or any other creditor unless it is duly registered and a certificate of registration of such charge is given by the relevant RoC. The relevant RoC may allow the particulars of a charge to be filed after the aforesaid period but within a period of 60 days of such creation or modification for an additional fee. Further, a company is required to keep at its registered office a register of charges and enter therein particulars of all the charges registered with the relevant RoC on any of the property, assets or undertakings of that company as well as particulars of any modification of a charge and satisfaction of charge. The register of charges shall be maintained permanently and the instrument(s) creating a charge or modification thereon shall be preserved for a period of eight years from the date of satisfaction of charge by the company.

The Government of India has issued the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Central Registry) Rules, 2011 (the "**CERSAI Rules**") under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002. Pursuant to the CERSAI Rules, all charges created by the Issuer in the form of mortgages or hypothecation of assets are required to be registered with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India. Further, upon non-compliance with the CERSAI Rules, the Issuer and every officer of the Issuer who is in default may be liable to a penalty, which may extend to Rs. 5,000 for every day during which the penalty continues.

Labour Laws

Various labour laws in India regulate the conditions of work and employment, work hours, safety, protection, working conditions, employment terms and welfare of labourers and/or employees. The Issuer is, *inter alia*, subject to the applicable shops and establishments legislation, the Employees State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Payment of Gratuity Act, 1972, the Workmen's Compensation Act, 1923, the Contract Labour (Regulation and Abolition) Act, 1970, the Maternity Benefit Act, 1961, the Code of Wages, 2019 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Laws relating to Intellectual Property

In India, trademarks enjoy protection under both, statutory and common law. The Trade Marks Act, 1999, the Patents Act, 1970, and the Copyright Act, 1957, each as amended, amongst others, govern the law in relation to intellectual property, including brand names, trade names and service marks, inventions and research works. The Trademarks Act, 1999 governs the statutory protection of trademarks in India. It governs the registration, acquisition, transfer and infringement of trademarks and remedies available to a registered proprietor or user of a trademark. The registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure.

Applicable Foreign Exchange Regulations

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") and is regulated by the RBI (including the rules, regulations and notifications issued by the RBI) and the policy prescribed by the Government of India, from time to time. The RBI, in exercise of its power under the FEMA, has notified Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA 20**") to regulate, prohibit, restrict, transfer by or issue of security to a person resident outside India. FEMA 20 lays down that no prior consent and approval is required from the RBI for foreign direct investment ("**FDI**") under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the relevant ministry/ministries of the Government and/or the RBI.

External Commercial Borrowings ("ECBs")

The laws relating to ECBs are embodied in FEMA, the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and the rules and regulations issued by the RBI in relation to ECBs including the Master Direction on External Commercial Borrowings, Trade Credit and Structured Obligations issued by the RBI on 26 March 2019 and the Master Direction on Reporting under Foreign Exchange Management Act, 1999 dated 1 January 2016, each as amended from time to time (the "**ECB Guidelines**").

ECBs can be availed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approval, whereas the approval route requires a prior RBI approval. The ECB Guidelines classify ECBs under two categories (i) foreign currency denominated ECBs ("**FCY ECB**"); and (ii) Indian Rupee denominated ECBs ("**INR ECB**").

In accordance with the ECB Guidelines, all entities that are eligible to receive FDI are classified as eligible borrowers for availing ECBs. Additionally, the ECB Guidelines also allow (i) port trusts; (ii) units in a special economic zone; (iii) Small Industries Development Bank of India; (iv) Export Import Bank of India; and (v) registered entities engaged in micro-finance activities, namely, registered not for profit companies, registered societies, trusts, cooperatives and non-government organisations (which are permitted only to raise INR ECBs) to raise ECBs.

Pursuant to the ECB Guidelines, any resident of a Financial Action Task Force or International Organisation of Securities Commission compliant country will qualify as a recognised lender or eligible investor to provide ECBs to Indian entities. Additionally, multilateral and regional financial institutions, where India is a member country, will also be considered as recognised lenders or investors. Further, the ECB Guidelines permit individuals to be ECB lenders if they are foreign equity holders or for subscription to bonds or debentures listed abroad.

An offshore branch or subsidiary of an Indian bank is not permitted to subscribe but can participate as an arranger, underwriter, market maker or trader for rupee denominated bonds issued overseas (except when the issuer is another Indian bank).

In relation to the utilisation of the ECB proceeds, the negative list for both FCY ECB and INR ECB includes: (i) real estate activities; (ii) investment in capital markets; (iii) equity investment (iv) working capital purposes except from foreign equity holder; (v) general corporate purposes except from foreign equity holder; (vi) repayment of rupee loans, except from a foreign equity holder and (vii) on-lending for any of the abovementioned activities.

The RBI issued a circular on 30 July 2019 in relation to "*External Commercial Borrowings (ECB) Policy – Rationalization of End-use Provisions*" with a view to liberalize the end-use restrictions under the ECB Guidelines. The circular has modified the end-use restrictions such that the proceeds of ECB can be used towards working capital purposes and general corporate purposes, provided that the minimum average maturity period ("**MAMP**") of such ECB is at least 10 years.

In addition to the above, ECBs with a MAMP of seven years can also be availed by eligible borrowers (including NBFCs) for repayment of rupee loans availed domestically for capital expenditure. Further, the proceeds of ECB can now be used by eligible borrowers (including NBFCs) for repayment of rupee loans availed for purposes other than capital expenditure and for on-lending by NBFCs for the same purpose subject to compliance with MAMP of at least 10 years.

Manufacturing companies as eligible ECB borrowers may avail up to USD50 million or its equivalent per financial year with a MAMP of one year. ECBs raised from foreign equity holders for working capital purposes, general corporate purposes or for repayment of Rupee loans may be availed with an MAMP of five years. In all other cases, the MAMP prescribed under the ECB Guidelines is three years.

The circular also permits eligible corporate borrowers to avail ECBs for (i) repayment of rupee loans availed domestically for capital expenditure in manufacturing and infrastructure sectors if such loans are classified as special mention account category 2 or as non-performing assets under a one-time settlement; and (ii) Indian banks to sell, by means of assignment, such loans as mentioned above, to eligible ECB lenders, provided that the resultant ECB from such offshore lender complies with the all-in-cost, MAMP and other relevant norms of the ECB framework.

The maximum amount which can be raised every fiscal year by an eligible borrower under the automatic route is U.S. $750 million or its equivalent. The all-in cost (which includes rate of interest, other fees and expenses in foreign currency or Indian Rupees but does not include commitment fees, payments for withholding tax in Rupees), for both FCY ECB and INR ECB is set at the benchmark rate plus 450 basis points spread. As per the ECB Guidelines, various components of all-in-cost have to be paid by the ECB borrower without taking recourse to the drawdown of ECB.

Filing and Regulatory Requirements in relation to Issuance of Notes

An ECB borrower is required to obtain a loan registration number (a "**LRN**") from the RBI before an issuance of notes or a drawdown under an ECB borrowing. To obtain this, ECB borrowers are required to submit a completed Form ECB certified by a company secretary or a chartered accountant to the designated authorised dealer bank (the "**AD Bank**") of the ECB borrower.

The AD Bank is then required to forward the completed Form ECB to the RBI. An ECB borrower is required to submit Form ECB-2 return on a monthly basis through its AD Bank to the RBI.

Security creation in relation to the Notes

Security can be created by Indian borrowers or obligors over immovable or movable property, shares and other securities, in favour of a non-resident lender or security trustee subject to, *inter alia*, obtaining a 'no-objection' certificate (an "**NOC**") from their designated AD Bank. An AD Bank can issue NOC to Indian borrowers or obligors provided the following conditions are satisfied: (i) the NOC shall be granted only to an Indian resident borrower or other obligor; (ii) the period of the charge has to be the same as the loan maturity; in case of immovable assets; (iii) the NOC is not to be construed as a permission to acquire immovable assets (property) in India, by an non-resident lender or security trustee.

Enforcement of Security creation in relation to the issuance of Notes

In the event of enforcement of the charge or other security interest in relation to:

(i) immovable assets – immovable assets cannot be transferred to a non-resident and are required to be sold to a person resident in India. The sale proceeds of such sale can be remitted to repay the outstanding loan;

(ii) any encumbered movable property, may be taken outside India subject to obtaining NOC from the company's domestic lenders. Provided that the lender's claim shall be restricted to the outstanding claim against the ECB only; and

(iii) shares and other securities, transfer of financial securities shall be in accordance with the extant FDI/FII policy subject to sectoral cap and pricing as applicable read with FEMA 20, as amended from time to time.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any change in the terms and conditions of the Notes after obtaining the LRN requires the prior approval of the RBI or the AD Bank, as the case may be. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised, all-in costs, cancellation of LRN, reduction in amount of the ECB or any change to the AD Bank) may be approved by the AD Bank under a delegated authority from the RBI, subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on the occurrence of an event of default or for taxation reasons (as further described in the Terms and Conditions), will require prior approval of the RBI.

TAXATION

The following summary of certain India tax consequences of the purchase, ownership and disposition is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effective). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholders or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. This Offering Circular is not and shall not offer any tax planning or investment advice to any investor.

Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of India and their country of citizenship, residence or domicile.

India

The following is a summary of the principal existing Indian tax consequences for investors who are not tax residents of India ("**non-resident investors**") subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction of acquiring, owning and disposing of the Notes.

Taxation of interest and withholding in respect thereof

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the Issuer outside India or for the purposes of making or earning any income from any source outside India.

However, should the proceeds of the issuance of the Notes be used for the purposes of carrying on the Issuer's business in India or for the purposes of making or earning any income from any source in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the prevailing tax rates subject to and in accordance with the existing conditions contained in the Income-tax Act, 1961 (the "**Indian Tax Act**"). The rates of tax will be reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a "**Tax Treaty**"), which, if the conditions in such Tax Treaty are complied with, provides for the taxation in India of income by way of interest at a rate lower than that stated below. The Noteholder could be required to provide certain documents or other information as prescribed by law to apply the beneficial withholding tax rate. Further, a Permanent Account Number (a "**PAN**") from Noteholders would not be required if Noteholders provide documentation including a tax residency certificate, a tax identification number and other details including their name, address, email details and contact number, pursuant to section 206AA(7) of the Indian Tax Act read with rule 37BC of the Income-tax Rules, 1962. In cases where the Noteholder receives interest income on long term Notes (including long term infrastructure bonds) which satisfy the conditions laid down under Central Board of Direct Taxes circular no 15/2014 dated 17 October 2014, then the provisions of Section 206AA of the Indian Tax Act would not be applicable and hence, PAN from such Noteholder would not be required.

Where the interest is taxable in India, the rate of tax and correspondingly, the rate for deduction of tax at source on such interest income payable by an Indian company to a non-resident investor would be 5 per cent. (plus applicable surcharge and cess), where the conditions laid down under Central Board of Direct Taxes circular no 15/2014 dated 17 October 2014 are satisfied and such interest is payable:

(i) with respect to Indian Rupee denominated Notes issued before 1 July 2020 and in accordance with the ECB Master Directions; or

(ii) with respect to long term Notes (including long term infrastructure bonds) issued before 1 July 2020 and in accordance with ECB Master Directions and denominated in currency other than Indian Rupees (including long term infrastructure bonds).

If the Note does not qualify to be an Indian Rupee denominated bond or a long term bond, the rate of tax on such interest would be as follows:

(a) Monies borrowed or debt incurred by the Issuer in currency other than Indian currency – 20% (plus applicable surcharge and cess);

(b) Monies borrowed or debt incurred by the Issuer in India currency – slab rates or relevant tax rates (plus applicable surcharge and cess); and

(c) If the investor is a Foreign Institutional Investor (an "**FII**") – 20% (plus applicable surcharge and cess).

If interest payable on the Notes is subject to tax in India, there is a requirement to withhold tax at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any lower rate of tax provided for by an applicable Tax Treaty, the Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim relevant Tax Treaty benefits.

All payments of, or in respect of, interest on the Notes, will be made free and clear of and without withholding any taxes within India unless it is required by law, in which case pursuant to Condition 13 (Taxation), the Issuer will pay additional amounts as may be necessary in order that the net amount received by the Noteholders after the withholding shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding, although this is subject to certain exceptions.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Taxation of gains arising on transfer of Notes

Any gains arising to a non-resident investor from disposal of the Notes held as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from a disposal of Notes held as a capital asset provided that the Notes are regarded as being situated outside India. However, there is a possibility that the Indian tax authorities may treat the Notes as being located in India as the Issuer is incorporated in and resident in India.

If the Notes are regarded as situated in India, the following tax implication would arise upon disposal of a Note:

(a) Taxation of gains arising on transfer of Notes denominated in currency other than Indian Rupees and withholding in respect thereof

Some key considerations in relation to taxation of gains arising on transfer of Notes denominated in currency other than Indian Rupees are as follows:

(i) a non-resident investor who has held the Notes as a capital asset for more than 36 months prior to the date of their disposal would be liable to pay capital gains tax at a rate of 10 per cent. (without indexation and foreign currency conversion benefit) of the capital gains (plus applicable surcharge and cess) subject to and in accordance with the provisions of the Indian Tax Act. The above tax rate is subject to any relevant Tax Treaty benefit, if any;

(ii) a non-resident investor who has held the Notes as a capital asset for 36 months or less would be liable to pay capital gains tax at the rate of 30 per cent. or 40 per cent. (plus applicable surcharge and cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India. Further, if the investor is a FII, the rate of tax is 30 per cent. (plus applicable surcharge and cess). The above tax rate is subject to any relevant Tax Treaty benefit, if any;

(iii) any gains arising to a non-resident investor (other than an investor who is an FII) from disposal of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the gains are attributable to a "business connection in India" or in the case where a Tax Treaty is applicable to the extent, if any, that the gains are attributable to a "permanent establishment" of such non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such income (on a net basis i.e. after claim of deduction of eligible expenditure) at the rate of 30 per cent. or 40 per cent. (plus applicable surcharge and cess) depending upon the legal status of the non-resident investor and his taxable income in India; and

(iv) capital gains or business income arising on transfer of the Notes which is chargeable to tax under the Indian Tax Act is subject to withholding tax obligation at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any Tax Treaty benefit. In case of FIIs, the Indian Tax Act explicitly provides for non-deduction of tax on such capital gains.

The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim any Tax Treaty benefit.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

(b) Taxation of gains arising on transfer of Notes denominated in Indian Rupees and withholding in respect thereof

Some key considerations in relation to taxation of gains arising on transfer of Notes denominated in Indian Rupees are as follows:

(i) any capital gains on transfer of Indian Rupee denominated Notes outside India by a non-resident Noteholder to another person who is not a resident of India is not chargeable to tax in India;

(ii) any gains arising on account of appreciation of the Indian Rupee against foreign currency at the time of redemption of Indian Rupee denominated Notes held by a non-resident investor, is ignored in computing taxable gains. Accordingly, such gains arising to the non-resident investor on account of the appreciation of the Indian Rupee against a foreign currency at the time of redemption of the Notes held by such non-resident investor, is not taxable as capital gains;

(iii) if the capital gains is chargeable to tax under the Indian Tax Act (other than the case covered by (a) above), the rate of tax would the same as discussed above is case of transfer of Notes denominated in currency other than Indian Rupees, that is depending on the period for which the Notes are held whether less than or more than 36 months;

(iv) any gains arising to a non-resident investor (other than investors being FIIs) from disposal of the Notes held as stock-in-trade would be chargeable in the same manner as discussed above is case of transfer of Notes denominated in currency other than Indian Rupees; and

(v) capital gains or business income arising on transfer of the Notes which is chargeable to tax under the Indian Tax Act is subject to withholding tax obligation at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any Tax Treaty benefit. In case of FIIs, the Indian Tax Act explicitly provides for non-deduction of tax on such capital gains.

The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim such benefit.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Other relevant provisions of the Indian Tax Act:

(a) Having regard to Chapter X-A of the Indian Tax Act, General Anti Avoidance Rules ("**GAAR**") may be invoked notwithstanding anything contained in the Indian Tax Act. Thus, any arrangement entered into by a taxpayer may be declared to be an impermissible avoidance arrangement, as defined in that Chapter and the consequence would *inter alia* include denial of tax benefit. Further, as per section 90(2A), the benefit of the DTAA will not be available to a non-resident investor, if the concerned tax authorities declare any arrangement to be an impermissible avoidance arrangement. The GAAR provisions are applicable with effect from the Financial Year 2017-18.

(b) Under section 56(2)(x) of the Indian Tax Act and subject to exception provided therein, if any person receives from any person, any property, including, *inter alia*, shares and securities of a company, without consideration or for inadequate consideration, the following shall be treated as "Income from other sources" in the hands of the recipient:

- where the shares and securities are received without consideration, aggregate fair market value ("**FMV**") exceeds Rs. 50,000/-, the whole FMV; and

- where the shares and securities are received for a consideration which is less than the FMV by an amount exceeding Rs. 50,000, aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 (the "**Rules**") provides for the method for determination of the FMV of various properties.

Wealth Tax

Wealth tax is not leviable in respect of any assessment year on or after 1 April 2016.

Estate Duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

Gift tax is not leviable in respect of any gift made on or after 1 October 1998. Therefore, any gift of share of a company will not attract gift tax.

Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority ("**IRAS**") of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers, Dealers or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent.

However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

Qualifying Debt Securities Scheme

In addition, as the Programme is wholly arranged by UBS AG, Singapore Branch which is a Financial Sector Incentive (Standard Tier) Company (as defined in the Income Tax Act), any tranche of Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Offering Circular to (and including) 31 December 2023 would be qualifying debt securities pursuant to the Income Tax Act and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the "**MAS Circular**"), to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

   (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

   (ii) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

   payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

   (i) any related party of the Issuer; or

   (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

   shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the Income Tax Act as follows:

- "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

- "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), Singapore Financial Reporting Standard 109 ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be),subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on certain payments made by "foreign financial institutions" ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). If additional notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from such previously issued grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

The Arranger and the Dealer have, in a programme agreement dated 26 November 2019 (the "**Programme Agreement**"), agreed with the Issuer a basis upon which the Dealer, each further Dealer appointed under the Programme or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under the sections entitled "*Forms of the Notes*" and "*Terms and Conditions of the Notes*". The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger and Dealer for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealer for certain of their activities in connection with the Programme. The Issuer may also, in connection with each Tranche of Notes issued under the Programme, agree with the relevant Dealer that private banks be paid a rebate in connection with the purchase of such Tranche of Notes by their private bank clients, which rebate may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Issuer has agreed to indemnify the Dealer against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealer to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealer and certain of their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with each Tranche of Notes issued under the Programme, the Dealer or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, in the ordinary course of their business activities, the Dealer or their respective affiliates may make or hold (on their own account, on behalf of their clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of their customers, and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, including Notes under the Programme, and may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. As a result of such transactions, a Dealer or its affiliates may hold long or short positions relating to the Notes. Each of the Dealer and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Dealer and its affiliates may engage in other transactions with, and perform services for, the Issuer, or its affiliates in the ordinary course of their business. Each Dealer or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While each Dealer and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Programme Agreement. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In addition, in respect of Bearer Notes that are expressed in the applicable Pricing Supplement to be subject to TEFRA D :

(a) except to the extent permitted under TEFRA D, each Dealer represents and each further Dealer appointed under the Programme will be required to represent, that (i) it has not offered or sold, and agrees that it will not offer or sell, such Notes to a person who is within the United States or its possessions or to a United States person during the restricted period, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions any Definitive Bearer Notes during the restricted period;

(b) each Dealer represents that it has and agrees and each further Dealer appointed under the Programme will be required to represent that it has and agrees, that it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Notes are aware that such Notes may not be offered or sold at any time to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(c) if it is a United States person, each Dealer represents and each further Dealer appointed under the Programme will be required to represent that it is acquiring such Notes for purposes of resale in connection with their original issuance and if it retains such Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires such Notes from it for the purpose of offering or selling such Notes at any time, each Dealer agrees and each further Dealer appointed under the Programme will be required to agree, that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c); and

(e) each Dealer has represented and each further Dealer appointed under the Programme will be required to represent that it will obtain from any distributor (within the meaning of TEFRA D) that purchases any such Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraphs (a), (b), (c), and (d) insofar as they relate to TEFRA D, as if such distributor were a Dealer.

Terms used in sub-paragraphs (a), (b), (c), (d) and (e) above have the meaning given to them by the Code, and regulations promulgated thereunder, including TEFRA D.

In respect of Bearer Notes that are expressed in the applicable Pricing Supplement to be subject to TEFRA C, the following applies: under TEFRA C, Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Bearer Notes within the United States or its possessions in connection with their original issuance. In connection with the original issuance of such Bearer Notes, each Dealer represents and each further Dealer appointed under the Programme will be required to represent, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions, and will not otherwise involve its U.S. office in the offer and sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including TEFRA C.

The applicable Pricing Supplement will identify whether TEFRA C or TEFRA D apply or whether TEFRA is not applicable.

Prohibition of Sales to EEA Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may, make an offer of such Notes to the public in that Member State:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

India

Each Dealer represents, agrees, and acknowledges and each further Dealer appointed under the Programme will be required to represent, agree, and acknowledge that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 2013, as amended and the rules framed thereunder or any other applicable Indian laws) with the Registrar of Companies, the Securities and Exchange Board of India, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India, (b) the Notes have not been and will not be offered or sold in India by means of any document other than to persons permitted to acquire the Notes under Indian law, whether as a principal or an agent, (c) this Offering Circular or any other offering document or material relating to the Notes has not been and will not be circulated or distributed, directly or indirectly, to any person or to the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of and an offer to subscribe for or purchase any securities in violation of applicable Indian laws, (d) this Offering Circular or any material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who is not a resident of an FATF or IOSCO compliant jurisdiction, and (e) the Notes will not be offered or sold or transferred and have not been offered or sold or transferred to any person who is not a resident of an FATF or IOSCO compliant jurisdiction.

For the purposes of this section, FATF compliant jurisdiction and IOSCO compliant jurisdiction shall have the following meaning:

FATF compliant jurisdiction – a country that is a member of Financial Action Task Force (**FATF**) or a member of a FATF-style regional body; and should not be a country identified in the public statement of the FATF as (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

IOSCO compliant jurisdiction – a country whose securities market regulator is a signatory to the International Organisation of Securities Commission's (IOSCO's) Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements.

Each Dealer has represented and agreed that the Notes are only being issued and sold to a person who is a resident of a FATF or IOSCO compliant jurisdiction. Further, this Offering Circular or any other material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who is not a resident of a FATF or IOSCO compliant jurisdiction and who is a person resident in India.

Additional Selling Restrictions Applicable to the Issuance of Synthetic INR Notes

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that the Synthetic INR Notes are not being issued to any offshore branch or subsidiary of an Indian bank. Indian banks, subject to applicable prudential norms, may only participate as Arranger, underwriters, market makers or traders for Synthetic INR bonds issued overseas.

Eligibility of holders of the Notes

Holders and beneficial owners of the Notes shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

Disclosure of information relating to holders of the Synthetic INR Notes

Holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the Synthetic INR Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Synthetic INR Notes shall be deemed to have acknowledged, represented, agreed and confirmed that such holders and beneficial owners are residents of an FATF or IOSCO compliant jurisdiction, and are otherwise eligible to purchase the Synthetic INR Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Synthetic INR Notes. Potential investors should seek independent advice and verify compliance with the eligibility requirements prior to any purchase of the Synthetic INR Notes.

The holders and beneficial owners of Synthetic INR Notes shall be deemed to confirm that for so long as they hold any Synthetic INR Notes, they will remain residents of an FATF or IOSCO compliant jurisdiction. Further, all Noteholders represent and agree that the Synthetic INR Notes will not be transferred or sold or offered as security to any person is not a resident of an FATF or IOSCO compliant jurisdiction.

In relation to any issuance of Synthetic INR Notes, the holders and beneficial owners represent and agree that they will provide all information and details about itself to the Issuer, to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required. The holders and beneficial owners will provide all information and details that they have or can procure about any subsequent transferee Noteholders (and shall provide all assistance in relation thereto) to the Issuer so as to enable the Issuer to obtain the details of the transferee Noteholders or any other information pertaining to such transferee Noteholders to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required.

The Noteholders agree that the Issuer may provide to the relevant regulatory or statutory authorities in India as and when required, the list of primary bond holders.

To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and Clearstream, Luxembourg to provide them with details of the accountholders within Euroclear and Clearstream Luxembourg, as may be appropriate, that hold the Synthetic INR Notes and the number of Synthetic INR Notes held by each such accountholder.

Euroclear and Clearstream, Luxembourg participants which are holders of the Synthetic INR Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, Luxembourg, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme is required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

None of the Issuer or the Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

The Dealer and certain of their affiliates have performed certain commercial banking, investment banking and advisory services for the Issuer and/or its affiliates from time to time, for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform such or other services for the Issuer and/or its affiliates in the ordinary course of their business.

SUMMARY OF CERTAIN DIFFERENCES AMONG INDIAN GAAP, IND-AS AND IFRS

The financial information included in this Offering Circular is prepared and presented in accordance with Indian GAAP and Ind-AS. Significant differences exist between Indian GAAP, Ind-AS and IFRS which might be material to the financial information herein. The matters described below should not be expected to reveal all differences between Indian GAAP, Ind-AS and IFRS that are relevant to the Issuer or the industry in which the Issuer operates.

The Issuer has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the financial information. Had any such quantification or identification been undertaken by the Issuer, other potential significant accounting and disclosure differences may have come to its attention which are not summarised below. Accordingly, it should not be construed that the following summary of certain differences between Indian GAAP, Ind-AS and IFRS is complete.

Regulatory bodies that promulgate Indian GAAP, Ind-AS and IFRS have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between Indian GAAP, Ind-AS and IFRS as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between Indian GAAP, Ind-AS and IFRS that may affect the financial information as a result of transactions or events that may occur in future.

The Issuer believes that the application of IFRS to the financial information could have a material and significant impact upon the financial information reported under Indian GAAP and Ind-AS. In making an investment decision, investors must rely upon their own examination of the Issuer, terms of the offering of any Notes and the financial information of the Issuer and the Group. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, Ind-AS and IFRS, and how those differences might affect the financial information included herein.

Sr. No.	**Ind AS No.**	**Particulars**	**Treatment as per Indian GAAP**	**Treatment as per Ind AS**	**Treatment as per IFRS**
1	Ind AS 1	Presentation of Financial Statements	Other Comprehensive Income (“**OCI**”): There is no concept of “Other Comprehensive Income” under Indian GAAP, which is required under Ind AS and IFRS.	Ind AS requires the presentation of “Other Comprehensive Income” as a separate section in the Statement of Profit and Loss. This section includes specified items of income and expense such as actuarial gain/loss, fair valuation of debt instruments measured at FVOCI, fair valuation of equity instruments designated at FVOCI, effective portion of cash flow hedges etc. that are not recognised in profit or loss as required or permitted by other Ind AS.	IFRS gives an option of presenting other comprehensive income either as a separate section in the statement of comprehensive income or in a separate statement of other comprehensive income.

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
			Other disclosures: There are no specific disclosure requirements under Indian GAAP for critical judgments made by the Issuer in applying accounting policies, key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital	Ind AS requires disclosure of critical judgments made by the Issuer in applying accounting policies, key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital	Similar to Ind AS
2	Ind AS S	Accounting Policies, Changes in Accounting Estimates and Errors	The term 'prior period items', as defined in this Standard, refers only to income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were approved for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
			Change in Accounting Policies: A change in an accounting policy should be made only if the adoption of a different accounting policy is required by statute or for compliance with an accounting standard or if it is considered that the change would result in a more appropriate presentation of the financial statements of the enterprise, on a prospective basis (unless transitional provisions if any, of an accounting standard require otherwise). Any change in an accounting policy which has a material effect should be disclosed appropriately. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.	An entity shall change an accounting policy only if the change: (a) is required by an Ind AS; or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. An entity shall account for a change in accounting policy resulting from the initial application of an Ind AS in accordance with the specific transitional provisions, if any, in that Ind AS. When an entity changes an accounting policy upon initial application of an Ind AS that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, the same would be applied retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and profit and loss account and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
3	Ind AS 12	Income taxes	Deferred income taxes: Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Permanent differences are the differences between taxable income and accounting income for a period that originate in one period and do not reverse subsequently.	Deferred income taxes: Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred income taxes are recognised for all temporary differences between accounting and tax base of assets and liabilities except to the extent which arise from a) initial recognition of goodwill or b) asset or liability in a transaction which i) is not a business combination; and ii) at the time of the transaction, affects neither the accounting profit nor the tax profit.	Similar to Ind AS
			Recognition of deferred tax assets for carried forward tax losses and unabsorbed depreciation: Deferred tax assets for unused tax losses and unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Recognition of deferred tax assets for carried forward tax losses and unabsorbed depreciation: Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Where an entity has a history of tax losses, the entity recognises a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available. Prescribed appropriate disclosures should be made.	Similar to Ind AS
			Disclosures: Certain additional disclosures like rate reconciliation, tax holidays and their expiry and unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures are not required.	Disclosures: Additional disclosures required under Ind AS include: 1. A reconciliation between the income tax expense (income) reported and the product of accounting profit multiplied by the applicable tax rate. Either a numerical reconciliation or tax rate reconciliation is required to be presented. 2. Details of tax holidays and expiry. 3. Unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
4	Ind AS 17	Leases	Determining whether an arrangement contains a lease: No specific guidance available under Indian GAAP. Payments under such arrangements are recognised in accordance with the nature of expense incurred.	Determining whether an arrangement contains a lease: Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets are accounted for as leases. Ind AS 116 – 'Leases' was notified on 30 March 2019 and it replaces Ind AS 17 – 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
5	Ind AS 19	Employee Benefits	Treatment for actuarial gains or losses defined benefits: All actuarial gains or losses are recognised in the statement of profit and loss. Market yields as at the balance sheet date on government bonds are used as discount rates. The currency and term of the government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.	Treatment for actuarial gains or losses on defined benefits: Actuarial gains or losses representing changes in the present value of the defined benefit obligation resulting from experience adjustments and effects of change in actuarial assumptions are recognised as a part of Other Comprehensive Income. Market yields at the end of the reporting period on government bonds used as discount rates.	Similar to Ind AS, except that the discount rate to be used shall be determined by reference to the market yields on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds denominated in that currency should be used.
7	Ind AS 32	Financial Instruments: Presentation	Financial instruments are classified based on legal form – Preference shares will be classified as equity. Preference dividends are always recognised similar to equity dividend and are never treated as interest expense.	Financial instruments (including Preference shares) are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial assets, financial liabilities and equity instruments. Dividends on financial instruments classified as financial liability is recognised as an interest expense in the statement of profit or loss. Hence if preference shares meet the definition of financial liability, the dividend is treated as an interest expense. Compound financial Instruments The issuer of a non-derivative financial instrument shall evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. Such components shall be classified separately as financial liabilities, financial assets or equity instruments in accordance with Ind AS 32.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
8	Ind AS 102	Share-based Payments	Recognition of ESOP charge: IGAAP permits use of either intrinsic value or fair value for determining the cost of benefits arising from employee share based compensation plans. 1. Intrinsic value is the difference between the market price of the underlying share on the date of grant and the exercise price of the option. 2. Fair value method is based on fair value of the option at the date of grant. The fair value is estimated using an option-pricing model (for e.g. Black Scholes or Binomial model).	Ind AS requires ESOPs to be accounted for at the fair value as of the grant date (for equity settled options).	Similar to Ind AS
			Graded vesting: The following two options are available: 1. Determine the vesting period for each portion of the option separately, and amortise the compensation cost of each such portion on a straight line basis over the vesting period of that portion. 2. The amount of employee compensation cost is accounted for and amortised on a straight line basis over the aggregate vesting period of the entire option. However, the amount of employee compensation cost recognised at any date should at least equal the fair value or the intrinsic value, as the case may be, of the vested portion of the option at that date.	An entity needs to determine the vesting period for each portion of the options separately, and amortise the compensation cost of each such portion on a straight line basis over the vesting period of that portion. The option to recognise the expenses over the service period for the entire award period is not available.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
			Group and treasury share transactions: Detailed guidance on issues arising from such transactions is not available. Common practice is that the entity whose employees receive such compensation does not account for any compensation cost because it does not have any settlement obligation.	Ind AS 102 deals with various issues arising from group transactions. It requires the subsidiary, whose employees receive such compensation, to measure the services received from its employees in accordance with Ind AS 102 with a corresponding increase recognised in equity as a contribution from the parent.	Similar to Ind AS
9	Ind AS 109	Financial Instruments	Classification of Financial Instruments Currently under Indian GAAP an entity classifies all its financial assets and liabilities as short-term or long-term. Long-term investments are carried at cost less any diminution (other than temporary) in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. All other loans and other financial assets are carried at transaction values less provisions, if any, wherever applicable Financial liabilities are carried at their transaction values.	Ind AS requires all financial assets to be initially recognised at fair value and subsequently measured either at amortised cost or at fair value, plus or minus, incremental transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability (except for FVTPL instruments). An entity shall subsequently measure financial assets at amortised cost, fair value through OCI or fair value through profit or loss on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset (SPPI test) Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (FVTPL), or recognised in other comprehensive income (FVOCI). Financial assets include equity and debt investments, deposits, loans, trade receivables etc. Investments in equity instruments are classified as either at Fair value through profit or loss or Fair value through other comprehensive income (FVOCI is an irrevocable option). There are two measurement categories for financial liabilities – FVTPL and amortised cost.	The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind AS.
			Transaction costs: Currently under Indian GAAP, transaction costs and incomes are recognised in P&L on an accrual basis except in case of significant uncertainties.	Incremental transaction costs and incomes are adjusted against the fair value of the financial instrument (except FVTPL) on initial recognition. The interest income/expense is recognised on Effective Interest Rate method (EIR) on the financial instrument.	The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind AS.

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
			Impairment: Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period based on relevant information like creditworthiness of the borrower/ability of the group to repay the dues/ exceptional events like demonetisation/provisioning norms stipulated by the regulatory authority. Currently the provisioning norms are governed by the prudential guidelines for Non-Performing Assets (NPA) under the RBI directions As per the circular the provision is currently required to be made on non performing assets. The non-performing assets are classified into following 3 categories based on the period for which the asset has remained non-performing and the realizability of the dues: Substandard Assets – Doubtful Assets – Loss Assets Interest income on non-performing assets is recognised on a realisation basis only.	The impairment model in Ind AS 109 is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVOCI, lease receivables, a contract asset or a loan commitment and financial guarantee contracts. The impairment requirements is to recognise 12 month expected credit loss for financial instruments where no significant increase in credit risk is observed since initial recognition and a lifetime expected credit losses where there have been significant increase in credit risk since initial recognition. The changes in credit risk are assessed based on the internal credit grading mechanisms of the entity. The expected credit losses also factor the macro economic environment changes, if any. Interest income is recognised on gross value of the financial assets except for credit impaired financial assets, wherein the same is recognised on the value net of impairment losses.	Under current IFRS (IAS 39), the impairment of financial assets are required based on incurred loss model. The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind AS.
			Service asset/liability: There is no concept of service asset/liability creation on assignment/sell down of financial assets with continuing serving involvement. The profit or loss, if any, is recognised as per the regulatory guidelines. The income from servicing is recognised on an accrual basis	If an entity derecognises a financial asset and retains the right to service the financial asset for a fee, it is required to recognise a service asset or a service liability for that contract depending upon whether the fee received is expected to compensate the entity adequately for servicing the financial asset. On derecognition, the difference between the carrying amount on the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.	The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
10	Ind AS 113	Fair value measurement	There is no specific standard on this under Indian GAAP.	Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is to be determined in the entity's principal market or, in the absence of the same, the most advantageous market. Fair value of a non financial asset is measured based on its highest and best use from a market participants perspective. It doesn't matter whether the entity intends to use the assets differently. When determining the highest and best use, management should include all costs that market participants would incur in the circumstances.	Similar to Ind AS
11	Ind AS 115/Ind AS 109	Revenue	Interest: Interest is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable. However, the interest is recognised on a receipt basis for NPAs as per guidelines of the regulatories authorities Financial Service Fees: Financial service fees are recognised as revenue depending on whether the service has been provided "once for all" or is on a continuing basis. Loan origination and arrangement fees are recognised as revenue when the loan has been originated.	Interest income is recognised using the effective interest method as per Ind AS 109. Fees and charges which are an integral part of the effective interest rate of the instrument, for example loan origination, arrangement fees and direct selling agents' fees, are recognised as an adjustment to the effective interest rate. However, when financial instruments are valued at fair value with changes in fair value being recognised in profit and loss, the fees are recognised as revenue when the instrument is initially recognised. Fees earned from services provided are recognised over the period for which the services are provided. For example, fees charged for servicing a loan are recognised over the period of the loan. Fees that are earned on the execution of a significant act are recognised when such an act is completed. For example, placement fees for arranging a loan and an investor are recognised when the loan has been arranged.	Similar to Ind AS

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
12	Ind AS 103	Business Combinations	The pooling of interests and purchase method. Amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values. Amalgamations in the nature of merger are accounted under the pooling of interests method. Under the pooling of interests method, the assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts (after making the adjustments required for conflicting accounting policies). Identifiable assets and liabilities of subsidiaries acquired by purchase of shares which are not amalgamations are recorded in the consolidated financial statements at the carrying amounts stated in the acquired subsidiary's financial statements on the date of acquisition.	Common control transactions are included in the scope; and additional guidance is provided. The additional guidance provides that business combination transactions between entities under common control should be accounted for using the 'pooling of interests' method. All other business combinations are accounted for using the acquisition method.	All business combinations, other than those between entities under common control, are accounted using the acquisition method. Pooling of interests method to record business combinations within the scope of IFRS 3 is prohibited
			No specific guidance is provided on accounting of acquisition related costs.	Acquisition related costs such as finder's fee, due diligence costs, etc. are accounted for as expenses in the period in which the costs are incurred and the services are received.	Similar to Ind AS
13	Ind AS 107	Financial Instruments: Disclosures	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: 1. category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; 2. the purpose, viz. hedging or speculation, for which such derivative instruments have been acquired; and 3. the foreign currency exposures that are not hedged by a derivative instrument or otherwise.	The standard prescribes disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.	Similar to Ind AS
			Other Disclosures: Currently there are no detailed disclosure requirements for financial instruments.	Fair value disclosures must be made separately for each class of financial instrument. Disclosure should be made for change in the method of determining fair values and the reasons thereof.	Similar to Ind AS. However, it also includes Disclosures on Transfer of Financial Assets issued by IASB

Sr. No.	Ind AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS	Treatment as per IFRS
				A three-level hierarchy should be adopted for determining fair values and disclosure should be made for each fair value measurement in the statement of financial position, of which level in the hierarchy was used and any transfers between levels with additional disclosures whenever level 3 is used including a measure of sensitivity to a change in input data. Maturity analysis for non-derivative financial instruments should include issued financial guarantees contracts. Disclosure of maturity analysis of derivative financial liabilities is also required. Clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. Requires enhanced disclosures when an asset is transferred but not derecognised and requires some disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the assets after the derecognition.	

GENERAL INFORMATION

1 Listing

The relevant Pricing Supplement in respect of any Series will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed.

Approval in-principle has been received from the SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associates (if any), the Programme or such Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies).

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes or Registered Global Notes representing such Notes are exchanged for definitive form. In addition, if the Bearer Global Notes or Registered Global Notes representing such Notes are exchanged for definitive form, an announcement of such exchange shall be made through the SGX-ST and such announcement shall include all material information with respect to the delivery of the Definitive Bearer Notes, including details of the paying agent in Singapore.

2 Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations as required in connection with the establishment and update of the Programme. The establishment and subsequent updates of the Programme were authorised by resolutions of the Board of Directors of the Issuer on 6 November 2019. The Issuer has obtained and has agreed to obtain from time to time all necessary internal consents, approvals and authorisations for the issue of Notes under the Programme.

3 Legal and Arbitration Proceedings

Save as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer.

4 Significant/Material Change

Since 30 September 2019, there has been no material adverse change in the financial position or prospects or any significant change in the financial or trading position of the Issuer.

5 Auditors

The 2017 Audited Financial Statements and the 2018 Audited Financial Statements of the Issuer were audited by S.R. Batliboi and DHS LLP respectively. The auditor of the Issuer in respect of the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements was DHS LLP.

6 Documents on Display

Copies of the following documents may (subject in the case of the documents referred to in sub-paragraphs (i), (ii), (iii) and (iv) to the Principal Paying Agent having first been provided with a copy of the same by the Issuer) be inspected at all reasonable times during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Principal Paying Agent following prior written request and satisfactory proof of holding and identity for so long as the Notes are capable of being issued under the Programme:

(i) each Pricing Supplement, which however (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive) will only be available for inspection by a holder of such Note and such holder must first produce evidence satisfactory to the Issuer and the Trustee as to its holding of Notes and identity and the Issuer and the Trustee shall have confirmed such satisfaction in writing to the Principal Paying Agent;

(ii) the Trust Deed (which contains the forms of the Notes in global and definitive form);

(iii) the Agency Agreement; and

(iv) the Collateral Documents (if available).

Copies of the following documents may be inspected at all reasonable times during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the principal place of business of the Issuer upon prior written request and satisfactory proof of holding and identity for so long as the Notes are capable of being issued under the Programme:

(i) the constitutive documents of the Issuer;

(ii) the 2017 Audited Financial Statements, the 2018 Audited Financial Statements, the 2019 Audited Financial Statements and the Reviewed Interim Financial Statements;

(iii) copies of the latest annual and interim financial statements of the Issuer;

(iv) each Pricing Supplement, which however (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive) will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Trustee as to its holding of Notes and identity;

(v) a copy of this Offering Circular, together with any supplement to this Offering Circular;

(vi) the Trust Deed (which contains the forms of the Notes in global and definitive form);

(vii) the Agency Agreement;

(viii) the Operating and Administrative Procedure Memorandum; and

(ix) the Collateral Documents.

7 Clearing of the Notes

The Notes may be accepted for clearance through Euroclear and/or Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

8 Third Party Information

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

9 Legal Entity Identifier

The legal entity identifier of the Issuer is 335800JL5WTUSKOSPN77.

INDEX TO FINANCIAL STATEMENTS

Year ended 31 March 2017

Deloitte
Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
MANAPPURAM FINANCE LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **MANAPPURAM FINANCE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income, for the quarter and six months ended September 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   Attention is drawn to Note 10 to the Statement which states that the cash flow statement for the corresponding six months ended September 30, 2018, as reported in the accompanying Statement have been approved by the Parent's Board of Directors, but have not been subjected to review.

4. The Statement includes the results of the following entities:

   I. Manappuram Home Finance Limited

   II. Asirvad Microfinance Limited

   III. Manappuram Insurance Brokers Limited

   IV. Manappuram Comptech and Consultants Limited

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

Deloitte
Haskins & Sells LLP

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial results of one subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total assets of Rs. 8.84 Crores as at June 30, 2019 and, total revenues of Rs. 2.00 Crores for the quarter ended June 30, 2019, total net profit after tax of Rs. 0.23 Crores for the quarter ended June 30, 2019 and total comprehensive income of Rs. 0.27 Crores for the quarter ended June 30, 2019, as considered in the Statement. These interim financial results have been reviewed by other auditor whose report have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)
UDIN: 19025776AAAAES8734

Place: Bengaluru
Date: November 6, 2019

Manappuram Finance Limited
Regd. & Corp.Office: IV/470A (Old) W/638 (New), Manappuram House, Valapad, Thrissur - 680567
CIN - L65910KL1992PLC006623

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rs. in Crores, except per equity share data)

S.No	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A	Revenue from operations						
	(i) Interest income	1,244.48	1,143.98	991.09	2,388.46	1,904.91	4,012.06
	(ii) Dividend income	2.03	2.95	-	4.98	0.04	5.08
	(iii) Fees and commission income	37.70	25.01	17.03	62.71	38.01	83.71
	(iv) Net gain on fair value changes	-	-	0.02	-	0.02	0.02
	(v) Others	2.58	2.25	6.29	4.83	7.27	15.46
	Total revenue from operations (A)	1,286.79	1,174.19	1,014.43	2,460.98	1,950.25	4,116.33
B	Other income	47.30	10.51	13.08	57.81	24.44	62.52
	Total income (A+B)	1,334.09	1,184.70	1,027.51	2,518.79	1,974.69	4,178.85
C	Expenses						
	(i) Finance costs	424.91	379.98	317.32	804.89	611.64	1,319.44
	(ii) Fees and commission expense	5.86	5.38	3.75	11.24	8.11	19.56
	(iii) Impairment on financial instruments	29.34	36.53	16.22	65.87	31.68	46.09
	(iv) Employee benefits expenses	203.42	197.10	176.90	400.52	346.08	720.11
	(v) Depreciation and amortization	39.88	39.57	18.84	79.45	37.35	75.23
	(vi) Other expenses	116.24	111.71	144.56	227.95	280.53	571.09
	Total expenses (C)	819.65	770.27	677.59	1,589.92	1,315.39	2,751.54
D	Profit before tax (A+B-C)	514.44	414.43	349.92	928.87	659.30	1,427.31
E	Tax expense:						
	(i) Current tax	90.15	152.08	123.04	242.23	225.58	475.32
	(ii) Deferred tax	16.64	(9.88)	2.89	6.76	9.75	22.49
F	Profit for the period (D-E)	407.65	272.23	223.99	679.88	423.97	929.50
G	Other comprehensive income						
	(i) Items that will not be reclassified to profit or loss						
	- Actuarial gain / (losses) on post retirement benefit plans	(2.18)	(1.03)	(1.27)	(3.21)	(0.41)	(3.91)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.36	0.35	0.47	0.71	0.17	1.38
	Total other comprehensive income	(1.82)	(0.68)	(0.80)	(2.50)	(0.24)	(2.53)
H	Total comprehensive income for the period (F+G)	405.83	271.55	223.19	677.38	423.73	926.97
I	Net profit attributable to:						
	Owners of parent	404.11	269.60	222.19	673.71	420.41	922.43
	Non-controlling interests	3.54	2.63	1.80	6.17	3.56	7.07
J	Other comprehensive income attributable to:						
	Owners of parent	(1.82)	(0.69)	(0.81)	(2.51)	(0.26)	(2.54)
	Non-controlling interests	-	0.01	0.01	0.01	0.02	0.01
K	Total comprehensive income attributable to:						
	Owners of parent	402.29	268.91	221.38	671.20	420.15	919.89
	Non-controlling interests	3.54	2.64	1.81	6.18	3.58	7.08
L	Paid-up equity share capital (Face value of Rs. 2/- per share)	168.65	168.65	168.56	168.65	168.56	168.56
M	Earnings per equity share (not annualised)						
	Basic (Rs.)	4.79	3.23	2.66	8.02	5.03	11.03
	Diluted (Rs.)	4.77	3.22	2.65	7.99	5.02	11.01

For Manappuram Finance Limited

V.P. Nandakumar
Managing Director & CEO

Deloitte Haskins & Sells LLP
Chartered Accountants
Bengaluru

Manappuram Finance Limited

Manappuram Finance Limited
Regd. & Corp.Office: IV/470A (Old) W/638 (New), Manappuram House, Valapad, Thrissur - 680567
CIN - L65910KL1992PLC006623

SEGMENTWISE DETAILS UNAUDITED ON CONSOLIDATED BASIS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rs. in Crores)

S.No	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	Gold loan & others	1,101.16	972.19	868.86	2,073.35	1,667.89	3,501.62
	Microfinance	232.93	212.51	158.65	445.44	306.80	677.23
	Total Segment Revenue	1,334.09	1,184.70	1,027.51	2,518.79	1,974.69	4,178.85
2	Segment Results (Profit before Tax)						
	Gold loan & others	433.96	339.02	304.97	772.98	571.06	1,225.90
	Microfinance	80.48	75.41	44.95	155.89	88.24	201.41
	Total Segment Results	514.44	414.43	349.92	928.87	659.30	1,427.31
3	Segment Assets						
	Gold loan & others	20,591.88	18,261.92	15,906.27	20,591.88	15,906.27	17,366.62
	Microfinance	3,684.73	3,504.45	2,815.77	3,684.73	2,815.77	3,087.38
	Total Segment Assets	24,276.61	21,766.37	18,722.04	24,276.61	18,722.04	20,454.00
4	Segment Liabilities						
	Gold loan & others	16,382.58	14,332.89	12,167.73	16,382.58	12,167.73	13,578.51
	Microfinance	2,786.51	2,672.55	2,378.69	2,786.51	2,378.69	2,304.92
	Total Segment Liabilities	19,169.09	17,005.44	14,546.42	19,169.09	14,546.42	15,883.43

For Manappuram Finance Limited

VP Nandakumar
Managing Director & CEO

Manappuram Finance Limited
Regd. & Corp.Office: IV/470A (Old) W/638 (New), Manappuram House, Valapad, Thrissur - 680567
CIN - L65910KL1992PLC006623

1 Statement of Assets and Liabilities

(Rs. In Crores)

S.No	Particulars	As at 30 September 2019	As at 31 March 2019
		Unaudited	Audited
I	ASSETS		
1	Financial assets		
(a)	Cash and cash equivalent	1,371.76	840.38
(b)	Bank balance other than (a) above	351.33	323.82
(c)	Derivative financial instruments	4.09	3.23
(d)	Receivables		
	(i) Trade Receivables	1.72	2.71
(e)	Loans	21,032.03	17,811.92
(f)	Investments	129.57	173.76
(g)	Other financial assets	577.10	601.68
2	Non-financial assets		
(a)	Current tax assets (net)	106.56	169.40
(b)	Deferred tax assets (net)	82.82	88.85
(c)	Investment Property	0.09	0.09
(d)	Property, plant and equipment	318.02	312.47
(e)	Capital work-in-progress	1.12	0.89
(f)	Right of Use Asset	179.53	-
(g)	Goodwill	35.56	35.56
(h)	Other Intangible assets	18.19	18.47
(i)	Other non financial assets	67.12	70.77
	Total assets	24,276.61	20,454.00
II	LIABILITIES AND EQUITY		
	Liabilities		
1	Financial Liabilities		
(a)	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	0.03
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	154.37	132.63
(b)	Debt securities	5,657.88	5,598.65
(c)	Borrowings (other than debt securities)	12,563.58	9,577.08
(d)	Deposits	0.01	1.92
(e)	Subordinated liabilities	124.69	119.59
(f)	Lease Liability	206.59	-
(g)	Other financial liabilities	347.27	306.26
2	Non-financial liabilities		
(a)	Provisions	49.28	54.77
(b)	Other non-financial liabilities	65.42	92.50
		19,169.09	15,883.43
3	Equity		
(a)	Equity share capital	168.65	168.56
(b)	Other equity	4,886.97	4,356.09
	Equity attributable to owners of the company	5,055.62	4,524.65
	Non controlling Interest	51.90	45.92
	Total liabilities and equity	24,276.61	20,454.00

For Manappuram Finance Limited

V.P. Nandakumar
Managing Director & CEO

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

MANAPPURAM FINANCE LIMITED

Manappuram Finance Limited
Regd. & Corp.Office: IV/470A (Old) W/638 (New), Manappuram House, Valapad, Thrissur - 680567
CIN - L65910KL1992PLC006623

2 Cash flow statement

(Rs. In Crores)

S.No	Particulars	Half Year Ended 30 September 2019	Half Year Ended 30 September 2018
		Unaudited	Unaudited
A.	**Cash flow from operating activities**		
	Net profit before tax	928.86	659.32
	Adjustments for:		
	Depreciation and amortization expense	79.45	37.35
	Impairment on financial instruments	65.86	31.68
	Provision for litigation	0.55	0.35
	Provision for other assets	(0.19)	(0.16)
	Profit on sale of property, plant and equipment	(0.68)	(0.28)
	Dividend income	(4.98)	-
	Stock compensation expense	(1.17)	4.88
	Finance costs	804.89	611.64
	Interest income from banks, investments and others	(126.73)	(26.99)
	Operating Profit before working capital changes	**1,745.86**	**1,317.79**
	Changes in working capital:		
	Decrease / (increase) in non-financial assets	9.37	3.50
	Decrease / (increase) in loans	(3,286.35)	(1,535.84)
	Decrease / (increase) in other financial assets	34.32	(114.62)
	Increase / (decrease) in Deposits	(1.91)	-
	Increase / (decrease) in trade payables	21.71	(11.37)
	Decrease / (increase) in trade receiveables	1.04	0.40
	Increase / (decrease) in other financial liabilities	19.99	(7.25)
	Increase / (decrease) in provisions	(9.07)	(3.58)
	Increase / (decrease) in other non-financial liabilities	(27.08)	34.03
		(3,237.98)	**(1,634.73)**
	Cash generated from operations	(1,492.12)	(316.94)
	Net income tax (paid)	(179.38)	(205.73)
	Net cash flows from/(used in) operating activities (A)	**(1,671.50)**	**(522.67)**
B.	**Cash flow from investing activities**		
	Capital expenditure, including capital advances	(48.85)	(61.40)
	Acquisition of subsidiary	(0.15)	-
	Proceeds from sale of property, plant and equipment	0.96	1.54
	(Purchase) / Sale of investments	44.50	(41.73)
	Interest received	123.06	31.10
	Dividend received	4.98	-
	Bank balances not considered as cash and cash equivalents	(33.59)	(193.81)
	Net cash flows from/(used in) investing activities (B)	**90.91**	**(264.30)**
C.	**Cash flow from financing activities**		
	Repayment of vehicle loan	(0.37)	(0.30)
	Repayment of finance lease	(1.46)	(1.96)
	Proceed from term loan/Working dapital demand loan from bank	10,396.42	9,996.40
	Repayment of term loan/Working dapital demand loan from bank	(7,228.22)	(9,490.88)
	Proceeds from foreign currency term loan - Bank	96.34	(0.59)
	Proceeds from borrowings from others	1,280.00	169.38
	Repayment of borrowings from others	(279.97)	(75.40)
	Proceeds / (Repayment) in Cash credit facilities (net)	(1,277.33)	539.35
	Proceeds/(Repayments) to subordinated liabilities	5.11	(114.04)
	Proceeds from institutional debentures (long term)	215.00	250.00
	Repayment of institutional debentures (long term)	(506.50)	(140.00)
	Proceeds from issuance of public debentures	0.31	-
	Proceeds from retail debenture	-	266.67
	Repayment of retail debenture	(193.90)	(3.70)
	Proceeds from commercial paper	6,846.15	6,645.53
	Repayment of commercial paper	(6,301.83)	(6,629.91)

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

For Manappuram Finance Limited

V.P. Nandakumar
Managing Director & CEO

MANAPPURAM FINANCE LIMITED

	Proceeds from issue of equity shares	0.09	0.06
	Share premium on equity shares allotted	15.59	2.29
	Dividend paid, including dividend distribution tax	(111.82)	(106.65)
	Payment of lease liabilities	(57.77)	-
	Finance cost paid	(783.87)	(699.96)
	Net cash flow from financing activities (C)	**2,111.97**	**606.29**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**531.38**	**(180.68)**
	Cash and cash equivalents at the beginning of the year	840.38	484.28
	Cash and cash equivalents at the end of the year	1,371.76	303.60

3 In compliance with Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, a limited review of unaudited consolidated financial results for the quarter and half year ended September 30, 2019 has been carried out by the statutory auditors.

4 The above unaudited consolidated financial results were reviewed by the audit committee and recommended for approval and approved by the Board of Directors at their meeting held on November 6, 2019.

5 During the half year ended September 30, 2019, the company allotted 452,107 shares, pursuant to exercise of stock option by eligible employees.

6 The Group has reported segment information as per Indian Accounting Standard 108 (Ind AS 108) on 'Operating Segments'. As per Ind AS 108, segments are identified based on management's evaluation of financial information for locating resources and assessing performance. Accordingly, the Group has identified two reportable segments. 1. Gold loan and others 2. Microfinance.

7 The Board of Directors declared an interim dividend of Rs.0.55 per equity share having face value of Rs. 2/-each.

8 The Group has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Company on its Secured Listed Non Convertible Debentures as at September 30, 2019.

9 Effective April 1, 2019, the Group has applied IND AS 116 "Leases" to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, the cumulative adjustment on application of the standard has been adjusted to retaining earnings on the date of initial application and comparatives for the quarter ended and year ended March 31, 2019 have not been retrospectively adjusted. The application of the standard has impacted certain expenditure lines for the quarter viz.Other expenses, depreciation and interest but the net impact is not significant.

10 The Cash Flow Statement for the corresponding 6 months ended September 30, 2018 have been approved by the Company's Board of Directors, but have not been subjected to review by the Auditors.

11 The Group has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17% and (b) the deferred tax assets and deferred tax liabilities as on April 1, 2019 have been restated at the rate of 25.17% .

12 From the period ending September 30, 2019 the Group has changed the rounding off from Rupees in Lakhs to Rupees in Crores and accordingly the Comparative figures for quarter ended June 30, 2019, September 30, 2018, half year ended September 30, 2018, September 30, 2019 and year ended March 31, 2019 have been presented in Rupees in Crores.

13 Previous period figures have been regrouped / reclassified, wherever necessary, to confront with current period presentation.

14 Key standalone financial information is given

(Rs. In Crores)

S.No	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Total income	1,077.29	950.51	850.88	2,027.80	1,633.68	3,427.18
2	Profit before tax	427.55	335.31	303.88	762.86	569.53	1,217.73
3	Profit after tax	336.17	220.31	193.81	556.48	364.97	790.44
4	Total comprehensive income	334.71	219.54	192.75	554.25	364.37	787.66

By order of the Board of Directors

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

MANAPPURAM FINANCE LIMITED

V.P. Nandakumar
Managing Director & CEO
DIN: 00044512

Place : Valapad, Thrissur
Date November 6, 2019

Deloitte Haskins & Sells LLP

Chartered Accountants
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46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

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INDEPENDENT AUDITOR'S REPORT

To The Members of MANAPPURAM FINANCE LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **MANAPPURAM FINANCE LIMITED** ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements / financial information of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India as referred to in Note 2 of notes to consolidated financial statements, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India
LLP Identification No. AAB-8737

Deloitte
Haskins & Sells LLP

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Whether Gold loan interest income is correctly calculated as per the gold loan schemes. This is considered as Key Audit Matter as this is the most significant item in the statement of profit and loss of the Holding Company and varies with different types of schemes.	***Principle Audit Procedures:*** We assessed the Holding Company's process on interest income computation. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: Since the entire interest computation is system driven, we tested, • Evaluated the design of internal controls relating to interest income computation. • Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation. • Obtained the list of modifications made in the interest scheme master during the year and test checked the same on sample basis.

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		• Performed analytical procedures for testing the accuracy of the revenue recorded.
2	Provision for Expected Credit Losses on Loans of a Material Subsidiary The loans are the most significant item in the subsidiary financial statements. This, being the first year of application of expected credit loss model in determining the provisions, a significant degree of judgement is involved in determining the quantum so as to ensure that there is neither management bias nor material risk of misstatement. The measurement of the said estimate is primarily dependent upon key assumptions relating to probability of default and loss given default, after eliminating exceptional events/losses.	***Principal Audit Procedures:*** We tested the design and operating effectiveness of key controls focusing the following: • Appropriateness of assumptions, used in determination of provisions; and • Completeness and accuracy of data input into models For determination of provision we tested the data inputs and agreed a sample of data used in the models to source systems. We evaluated the methodology to establish the model parameters and assessed the appropriateness of the models used.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditor, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditor.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements reflect total assets of Rs. 44.67 Million as at 31 March 2019, total revenues of Rs. 71.05 Million and net cash outflows amounting to Rs. 3.74 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information has been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

The comparative financial information of the Group for the year ended 31 March, 2018 and the related transition date opening balance sheet as at 1 April, 2017 included in these consolidated financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose report for the year ended 31 March, 2017 dated 25 May, 2017 expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated financial statements is not modified in respect of the above matters on the comparative financial information.

Deloitte
Haskins & Sells LLP

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements / financial information of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

Bengaluru, 15 May, 2019

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of **MANAPPURAM FINANCE LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company's and its subsidiaries which are companies incorporated in India, as of that date.

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding reports of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

Bengaluru, 15 May, 2019

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Deloitte Haskins & Sells LLP

Chartered Accountants
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Karnataka, India

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To the Members
Manappuram Finance Limited

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated 24 December, 2018.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **Manappuram Finance Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Deloitte
Haskins & Sells LLP

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations except for non-compliance of Section 18(1) of the SEBI Listing Regulations relating to appointment of an independent director on account of vacancy due to resignation within the period stipulated as per Section 25(6) of the SEBI Listing Regulations subsequently Company is complied with this section after a delay of 6 months and 26 days.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

S Sundaresan

S. Sundaresan
Partner
(Membership No.25776)

Bengaluru, 15 May, 2019

Consolidated Balance Sheet as at 31 March 2019

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

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
1 Financial assets				
Cash and cash equivalents	9	8,403.80	4,842.82	3,725.96
Bank balance other than above	10	3,238.15	2,398.43	2,166.93
Derivative financial instruments	20	32.31	-	-
Receivables	11			
- Trade receivables		27.13	10.88	3.62
Loans	12	178,119.15	152,438.65	134,056.64
Investments	13	1,737.55	49.25	49.03
Other financial assets	14	6,016.83	4,569.45	5,346.02
2 Non-financial assets				
Current tax assets (net)	15	1,694.05	1,057.71	917.43
Deferred tax assets (net)	39	888.55	1,098.25	955.15
Investment property	16	0.86	0.86	0.86
Property, plant and equipment	17	3,124.73	2,686.56	1,831.20
Capital work-in-progress		8.90	1.47	6.28
Goodwill		355.65	355.65	355.65
Other intangible assets	18	184.66	56.90	31.10
Other non-financial assets	19	707.71	729.22	385.74
Total assets		**204,540.03**	**170,296.10**	**149,831.61**
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
Derivative financial instruments	20	-	66.62	461.43
Payables				
- Trade payables	21			
(i) total outstanding dues of micro enterprises and small enterprises		0.30	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,326.26	1,181.55	1,146.57
Debt securities	22	55,986.53	54,295.44	48,335.79
Borrowings (other than debt securities)	23	95,770.84	70,575.57	59,474.54
Deposits	24	19.20	-	-
Subordinated liabilities	25	1,195.88	1,199.55	2,056.78
Other financial liabilities	26	3,062.61	3,537.11	3,947.06
2 Non-financial liabilities				
Provisions	27	547.67	449.62	253.80
Other non-financial liabilities	28	925.01	566.68	310.89
		158,834.30	**131,872.14**	**115,986.86**
3 EQUITY				
Equity share capital	29	1,685.62	1,685.07	1,683.80
Other equity	30	43,560.92	36,447.28	31,948.94
Equity attributable to equity holders of the parent		**45,246.54**	**38,132.35**	**33,632.74**
Non-controlling interest		459.19	291.61	212.01
Total equity		**45,705.73**	**38,423.96**	**33,844.75**
Total Liabilities and Equity		**204,540.03**	**170,296.10**	**149,831.61**

See accompanying notes forming part of the Consolidated financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

S. Sundaresan
Partner

Place: Bengaluru
Date: May 15, 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director and Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 15, 2019

Manappuram Finance Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

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

	Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
	Revenue from operations			
	(i) Interest income	31 (i)	40,120.56	33,549.50
	(ii) Dividend income		50.76	19.59
	(iii) Fees and commission income	31 (ii)	837.05	583.51
	(iv) Net gain on fair value changes	31 (iii)	0.21	5.64
	(v) Other operating income	31 (iv)	154.60	49.36
(I)	**Total Revenue from operations**		**41,163.18**	**34,207.60**
(II)	Other income	32	625.18	584.29
(III)	**Total income (I + II)**		**41,788.36**	**34,791.89**
	Expenses			
	(i) Finance costs	33	13,194.40	10,304.47
	(ii) Fees and commission expense	34	195.78	126.67
	(iii) Impairment on financial instruments	35	460.93	1,773.16
	(iv) Employee benefits expenses	36	7,201.12	6,260.75
	(v) Depreciation and amortisation	37	752.34	682.59
	(vi) Other expenses	38	5,710.86	5,275.24
(IV)	**Total expenses (IV)**		**27,515.43**	**24,422.88**
(V)	**Profit before tax (III - IV)**		**14,272.93**	**10,369.01**
(VI)	Tax expense:			
	(1) Current tax	39	4,753.17	3,748.54
	(2) Deferred tax	39	224.91	(139.25)
(VII)	**Profit for the period (V-VI)**		**9,294.85**	**6,759.72**
(VIII)	**Other comprehensive income**			
	(i) Items that will not be re classified to profit or loss - Remeasurements of the defined benefit plans		(39.07)	(11.58)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		13.79	3.87
	Other comprehensive income		**(25.28)**	**(7.71)**
(IX)	**Total comprehensive income for the period (VII+VIII) (Comprising profit and other comprehensive income for the period)**		**9,269.57**	**6,752.01**
	Profit for the year attributable to			
	Equity holders of the parent		9,224.10	6,771.90
	Non-controlling interest		70.75	(7.14)
	Other comprehensive income for the year, net of tax			
	Equity holders of the parent		(25.39)	(7.87)
	Non-controlling interest		0.11	0.17
	Total comprehensive income for the year, net of tax			
	Equity holders of the parent		9,198.71	6,764.02
	Non-controlling interest		70.86	(6.97)
(X)	**Earnings per equity share**	40		
	Basic (Rs.)		11.03	8.03
	Diluted (Rs.)		11.01	8.01

See accompanying notes forming part of the Consolidated financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

S. Sundaresan
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: May 15, 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director and Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 15, 2019

Manappuram Finance Limited
Consolidated Cash flow statement for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A.	Cash flow from operating activities		
	Net profit before tax	14,272.93	10,369.01
	Adjustments for:		
	Depreciation and amortization expense	752.34	682.59
	Impairment on financial instruments	460.93	1,773.16
	Provision for litigation	5.47	0.22
	Provision no longer required written back	(16.05)	(29.40)
	Provision for other assets	(1.81)	162.61
	Profit on sale of property, plant and equipment	(6.31)	(3.07)
	Dividend income	(50.76)	(19.59)
	Stock compensation expense	37.35	97.59
	Finance costs	13,194.40	10,304.47
	Interest income from banks, investments and others	(959.94)	(349.30)
	Operating Profit before working capital changes	**27,688.55**	**22,988.29**
	Changes in working capital:		
	Decrease / (increase) in non-financial assets	(38.64)	(304.03)
	Decrease / (increase) in loans	(26,127.64)	(20,155.38)
	Decrease / (increase) in other financial assets	(539.13)	799.22
	Increase / (decrease) in Deposits	19.20	-
	Increase / (decrease) in trade payables	145.01	34.98
	Decrease / (increase) in trade receiveables	(16.25)	(7.26)
	Increase / (decrease) in other financial liabilities	301.27	200.74
	Increase / (decrease) in provisions	71.37	50.80
	Increase / (decrease) in other non-financial liabilities	455.32	(50.20)
		(25,729.49)	**(19,431.12)**
	Cash generated from operations	1,959.06	3,557.17
	Net income tax (paid)	(5,389.50)	(3,888.82)
	Net cash flows from/(used in) operating activities (A)	**(3,430.44)**	**(331.65)**
B.	**Cash flow from investing activities**		
	Capital expenditure, including capital advances	(1,282.54)	(1,613.12)
	Acquisition of subsidiary	(4.13)	-
	Proceeds from sale of property, plant and equipment	24.04	17.79
	Purchase of investments	(1,696.24)	(0.00)
	Interest received	51.67	326.65
	Dividend received	50.76	19.59
	Bank balances not considered as cash and cash equivalents	(839.72)	(231.50)
	Net cash flows from/(used in) investing activities (B)	**(3,696.16)**	**(1,480.58)**

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

C.	Cash flow from financing activities		
	Proceed from vehicle loan	4.00	-
	Repayment of vehicle loan	(6.28)	(5.30)
	Proceed from finance lease	-	110.35
	Repayment of finance lease	(55.48)	(39.36)
	Proceed from term loan/Working dapital demand loan from bank	153,490.00	220,150.00
	Repayment of term loan/Working dapital demand loan from bank	(144,656.53)	(208,343.57)
	Proceeds from foreign currency term loan - Bank	(7.98)	(372.98)
	Proceeds from borrowings from others	1,099.08	213.08
	Repayment of borrowings from others	(7,234.51)	(226.26)
	Proceeds / (Repayment) in Cash credit facilities (net)	17,461.72	(769.62)
	Repayments to subordinated liabilities	(3.67)	(857.23)
	Proceeds from Institutional debentures (long term)	2,500.00	2,000.00
	Repayment of Institutional debentures (long term)	(8,141.86)	(738.67)
	Proceeds from issuance of public debentures	3,899.25	-
	Repayment of public debentures	(122.21)	(2,706.24)
	Proceeds from retail debenture	42.31	-
	Repayment of retail debenture	(194.32)	1,399.63
	Proceeds from commercial paper	138,064.89	141,124.80
	Repayment of commercial paper	(134,356.97)	(135,119.36)
	Proceeds from issue of equity shares	0.55	1.27
	Share premium on equity shares allotted	54.94	50.96
	Dividend paid, including dividend distribution tax	(2,184.18)	(2,026.75)
	Finance cost paid	(13,970.17)	(10,915.16)
	Net cash flow from financing activities (C)	**10,687.58**	**2,929.09**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**3,560.98**	**1,116.86**
	Cash and cash equivalents at the beginning of the year	4,842.82	3,725.96
	Cash and cash equivalents at the end of the year	8,403.80	4,842.82

Note: For disclosures relating to changes in liabilities arising from financing activities, refer note 45.

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

S. Sundaresan
Partner

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: May 15, 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Bindu A.L
Chief Financial Officer

Manoj Kumar V.R
Company Secretary

Place: Valapad, Thrissur
Date: May 15, 2019

Manappuram Finance Limited
Consolidated Statement of changes in Equity for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

a. Equity Share Capital

Equity shares of Rs. 2 each issued, subscribed and fully paid

	No. in Millions	Rs. in Millions
As at 1 April 2017	841.89	1,683.80
Issued during the year - ESOP	0.64	1.27
As at 31 March 2018	842.53	1,685.07
Issued during the year - ESOP	0.27	0.55
As at 31 March 2019	842.80	1,685.62

b. Other Equity

Particulars	Share application money pending allotment	Reserves and Surplus									Other comprehensive income - actuary gain / (loss)	Total
		Capital reserve	Statutory reserve	Share option outstanding account	Capital Redemption Reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Hedge reserve		
Balance as at 1 April 2017	-	-	5,004.81	141.21	50.00	13,719.43	821.21	3,885.08	7,442.19	(15.01)	-	31,048.92
Dividends	-	-	-		-	-	-	-	(2,026.75)	-	-	(2,026.75)
Transfer to/from retained earnings	-	-	1,400.34		-	-	(676.68)	-	(723.66)	-	-	-
Other Additions/ Deductions during the year	-	-	-									
Foreign exchange rate variations in hedging instruments	-	-	-		-	-	-	-	-	10.13	-	10.13
Shares allotted during the year	-	-	-	97.59	-	-	-	-	-	-	-	97.59
Utilised during the year	-	-	-		-	-	-	-	(385.60)	-	-	(385.60)
Share premium received during the year	-	-	-		-	50.96	-	-	-	-	-	50.96
Profit for the year (net of taxes)	-	-	-		-	-	-	-	6,759.72	-	-	6,759.72
Other comprehensive income for the year (net of taxes)	-	-	-		-	-	-	-	-	-	(7.71)	(7.71)
Balance as at 31 March 2018	-	-	7,305.15	238.82	50.00	13,770.39	144.53	3,885.08	11,065.90	(4.88)	(7.71)	36,447.79
Dividends	-	-			-	-	-	-	(2,184.18)	-	-	(2,184.18)
Transfer to/from retained earnings	-	-	1,846.63		-	-	970.80	-	(2,817.43)	-	-	
Other Additions/ Deductions during the year					-							
Foreign exchange rate variations in hedging instruments	-	-	-		-	-	-	-	-	2.67	-	2.67
Shares allotted during the year	-	-	-	37.35	-	-	-	-	-	-	-	37.35
Utilised during the year	-	-	-		-	-	-	(158.06)	188.90	-	-	[illegible]
Share premium received during the year	31.79	-	-		-	23.15	-	-	-	-	-	54.94
Profit for the year (net of taxes)	-	-	-		-	-	-	-	9,254.85	-	-	9,254.85
Other comprehensive income for the year (net of taxes)	-	-	-		-	-	-	-	-	-	(25.28)	(25.28)
Others	-	2.45	-		-	-	-	-	-	-	-	2.45
Balance as at 31 March 2019	31.79	2.45	9,151.78	276.17	50.00	13,793.54	1,115.33	3,727.02	15,508.04	(2.21)	(32.99)	[illegible]

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

S. Sundaresan

S. Sundaresan
Partner

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: May 15, 2019

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director and Chief Executive Officer
DIN: 00044512

Bindu A.L
Chief Financial Officer

Place: Valapad, Thrissur
Date: May 15, 2019

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Manoj Kumar V.R
Company Secretary

Note 1: Corporate information

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Systemically Important Non-Deposit taking Non Banking Finance Company ('NBFC'). The Company provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,323 branches spread across the country.

The Company has four subsidiaries, Manappuram Home Finance Limited ("MHF"), Manappuram Insurance Brokers Limited ("Mabro") and Asirvad Microfinance Limited ('Asirvad'), Manappuram Comptech and Consultants Limited ("MACOM") which are incorporated in India. The Company along with the Subsidiaries is collectively referred to as the "Group"

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Mabro, a Wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

Asirvad, was incorporated in the year 2007. Asirvad is a microfinance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934.

Macom, was incorporated in the year 2000. MACOM is involved in IT services like software publishing, consultancy and other services.

Note 2: Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The Group has adopted Indian Accounting Standards ("Ind AS") with effect from 1st April, 2018 and the effective date of transition being 1st April, 2017. Accordingly, the above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The financial statements for the year ended 31 March, 2018 and the opening Balance Sheet as at 1 April, 2017 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet & Statement of Profit and Loss are providence asset.
and

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

Note 3: Presentation of financial statements

The Consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

Note 4: Statement of compliance

These Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

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BENGALURU

Note 5: Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement with the other vote holders of the investee

Rights arising from other contractual arrangements

The Group's voting rights and potential voting rights

The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Note 6: Significant accounting policies

6.1. Financial Instruments

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

► Reports reviewed by the entity's key management personnel on the performance of the financial assets

► The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof

► The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

► The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Group also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.

'Principal' is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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CHARTERED ACCOUNTANTS
BENGALURU

KVPN

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(i) Financial assets measured at amortised cost

These financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets.

Financial assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortised cost.
These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

(iii) Financial assets measured at fair value through other comprehensive income
Debt instruments
Investments in debt instruments are measured at fair value through other comprehensive income where they have:
a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding and
b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Group does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments
Investment in equity instruments are generally accounted for as at fair value through the profit and loss account unless An irrevocable election has been made by management to account for at fair value through other comprehensive income Such classification is determined on an instrument-by-instrument basis.

Contingent consideration recognised by the Group in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through profit and loss account, where amounts presented in other comprehensive income for equity instruments are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:
• Investments (including equity shares) held for trading;
• Items specifically designated as fair value through profit or loss on initial recognition; and
• debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(v) Derivatives
The Group enters into derivative transactions with various counterparties like interest rate and currency swaps and forwards. The Group undertakes derivative transactions as a cover to currency and interest rate risks on-balance sheet liabilities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

(vi) Embedded Derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

(viii) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

(ix) Impairment of financial assets

The Group recognises impairment allowance for expected credit loss on financial assets held at amortised cost. In addition to that the Group has provided for Non-Performing Assets (NPA) as per Prudential Norms of RBI.

The Group recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

• debt instruments measured at amortised cost and fair value through other comprehensive income;

• loan commitments.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.

This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

The loss allowances for these financial assets is based on a 12-months ECL.

When an asset is uncollectible, it is written off against the related allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the allowances in the profit and loss statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

• Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group has grouped its various financial assets in to pools containing loans bearing homogeneous risks characteristics. The probability of default for the pools are computed based on the historical trends, adjusted for any forward looking factors. Similarly the Group computes the Loss Given Default based on the recovery rates.

• Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

• Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

• Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date the Group does not have any debt instruments measured at fair value through OCI.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, , etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

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(ix) Write-offs
The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(x) Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability ,either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.
The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

6.2. Recognition of income

(i) Interest Income
Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed
a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows
c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income
Dividend income is recognised
a. When the right to receive the payment is established,
b. it is probable that the economic benefits associated with the dividend will flow to the entity and
c. the amount of the dividend can be measured reliably

(iii) Rental Income
Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation Rental Income is recognised as per the contractual terms.

Operating leases are leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income
Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

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(v) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note ____), held by the Group on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.
Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL presented separately under the respective head in the Statement of Profit and loss.

6.3. Expenses
(i) Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed
a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Retirement and other employee benefits
Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post employment employee benefits
a) Defined contribution schemes

Short term employee benefit
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits
a) Defined contribution schemes
All the employees of the Group are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes
The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.
The Group fully contributes all ascertained liabilities to LIC without routing it through Trust bank account. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits
Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.
The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

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The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Employee Stock Option granted are accounted under the Fair Value Method stated in IND AS 102 "Accounting for Share Based Payments".

(iii) Rent Expense:

Identification of Lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Recognition of lease payments:

Rent Expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

(iv) Other Income and expenses

All Other Income and expense are recognized in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

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Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:
i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6.4 Foreign currency translation
(i) Functional and presentational currency
The consolidated financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

(ii) Transactions and balances

Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion
Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.
Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation
Depreciation is provided using written down value method for Holding Company & one subsidiary and straight line method for the rest at the following rates, which is management's estimate of the useful lives of the assets.

The estimated useful lives are as follows:

Particulars	Useful life of assets
Computer equipment	
- End User equipment	3 years
- Server*	3-6 years
Furniture & Fixture	
- Safe and strong rooms	10 years
- Others*	3-10 years
Office Equipment*	3-10 years
Buildings	30 years
Vehicles	8 years
Plant & Machinery	15 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.
Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives.
Intangible assets comprising of software are amortised on a straight line basis over a period of 6 years, unless it has a shorter useful life.
The Group's intangible assets consist of computer software with definite life.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

6.10 Contingent 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 financial statements.

6.11 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).
The Board of Directors (BOD) of the Holding Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD of Holding Company, which has been identified as being the chief operating decision maker. The CODM has identified two reportable segments 1. Gold Loan and others, 2. Microfinance.

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6.13 Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises of the;

- fair value of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group and
- fair value of any asset or liability resulting from

a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill. If the consideration is lower, the gain is recognised directly in equity as capital reserve. In case, business acquisition is classified as bargain purchase, the aforementioned gain is recognised in the other comprehensive income and accumulated in equity as capital reserve. The Group recognises any noncontrolling interest in the acquired entity at fair value.

Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, with adjustments only to harmonise accounting policies. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. The acquired entity at fair value, accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes i

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6.1(a) Overview of ECL principles.
In case, higher provisions are to be considered as per the prudential norms of the Reserve Bank of India, they are considered.

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

7.6 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

7.7 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

8. New Accounting Standards issued but not effective

Ind AS 116 Leases was notified on 30 March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 01 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

Note 9: Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	1,211.76	906.90	1,082.62
Balances with banks - In current accounts	2,393.39	2,897.31	2,341.31
Foreign currency balances	1.31	1.17	2.03
Bank deposit with maturity of less than 3 months	4,797.34	1,037.44	300.00
	8,403.80	**4,842.82**	**3,725.96**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note 10: Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deposits with original maturity for more than 3 months but less than 12 months*	2,566.60	1,725.11	1,601.16
On Escrow accounts			
Unpaid matured deposit	-	0.07	0.07
Unpaid NCD trustee account	28.16	19.15	24.39
Unpaid auction surplus deposit	605.74	620.31	510.40
Unpaid dividend account	37.65	33.79	30.91
	3,238.15	**2,398.43**	**2,166.93**

* Includes:

a) Cash collateral deposits aggregating to Rs.1,517.89 (March 31, 2018: Rs.1,340.49, April 1, 2017: Rs.1,439.33) towards approved bank facilities;

b) Deposits amounting to Rs. 963.23 (As at 31 March 2018 : Rs. 324.05, As at 1 April 2017: Rs. 83.11) placed as credit enhancement (cash collateral) towards Assets De-recognised on account of securitization.

c) Balances with banks includes Rs. 40.65 which have restriction on repatriation. (As at 31 March 2018: Rs. 16.50, As at 1 April, 2017: Rs. Nil)

DELOITTE HASKINS & SELLS LLP
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BENGALURU

VPN

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

Note 11: Receivables

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivables			
Receivable considered good - Unsecured	1.19	-	-
Receivable considered good - Secured	25.94	10.88	3.62
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	0.41	0.37	-
	27.54	11.25	3.62
Provision for impairment for:			
Receivable considered good - Unsecured	-	-	-
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	(0.41)	(0.37)	-
	(0.41)	(0.37)	-
	27.13	**10.88**	**3.62**

No trade receivable are due from directors or other officers of the company either severally or jointly with any other person.

Reconciliation of impairment allowance on trade receivables:	**Amount**
Impairment allowance measured as per simplified approach	
Impairment allowance as per 1 April 2017	-
Add/ (less): asset originated or acquired	0.37
Impairment allowance as per 31 March 2018	**0.37**
Add/ (less): asset originated or acquired	0.04
Impairment allowance as per 31 March 2019	0.41

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Manappuram Finance Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 12: Loans

Particulars	As at 31 March 2019					As at 31 March 2018					As at 1 April 2017				
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	
LOANS															
(A)															
i) Term loans															
- Gold Loan	129,615.18	-	-	-	129,615.18	117,363.93	-	-	-	117,363.93	111,268.59	-	-		[illegible]
- Commercial Vehicle Loan	11,052.32	-	-	-	11,052.32	5,974.34	-	-	-	5,974.34	3,071.14	-	-		[illegible]
- Mortgage/Property Loan	298.52	-	-	-	298.52	348.86	-	-	-	348.88	368.29	-	-		[illegible]
- Onlending	9,300.39	-	-	-	9,300.59	5,497.92	-	-	-	5,497.92	794.27	-	-		[illegible]
- Corporate Finance	299.94	-	-	-	299.94	-	-	-	-	-	-	-	-		
- Housing Finance															
i) Home Loan	3,780.42	-	-	-	3,780.42	2,666.36	-	-	-	2,666.36	2,299.11	-	-		[illegible]
ii) Other Loan	1,434.85	-	-	-	1,434.85	1,099.35	-	-	-	1,099.35	812.54	-	-		[illegible]
- Microfinance Loan	23,651.79	-	-	-	23,651.79	21,128.21	-	-	-	21,128.21	17,251.00	-	-		[illegible]
- Business Loan	48.08	-	-	-	48.08	52.76	-	-	-	52.76	18.95	-	-		[illegible]
- Others	80.58	-	-	-	80.58	4.49	-	-	-	4.49	11.70	-	-		[illegible]
Total (A) - Gross	**179,562.25**	-	-	-	**179,562.25**	**154,134.22**	-	-	-	**154,134.22**	**135,895.59**	-	-		[illegible]
Less : Impairment loss allowance	1,443.10	-	-	-	1,443.10	1,695.57	-	-	-	1,695.57	1,838.95	-	-		[illegible]
Total (A) - Net	**178,119.15**	-	-	-	**178,119.15**	**152,438.65**	-	-	-	**152,438.65**	**134,056.64**	-	-		[illegible]
(B)															
i) Secured by tangible assets	155,546.09	-	-	-	155,546.09	132,988.63	-	-	-	132,988.63	118,657.18	-	-		[illegible]
ii) Unsecured	24,016.16	-	-	-	24,016.16	21,145.59	-	-	-	21,145.59	17,238.41	-	-		[illegible]
Total (B)-Gross	**179,562.25**	-	-	-	**179,562.25**	**154,134.22**	-	-	-	**154,134.22**	**135,895.59**	-	-		[illegible]
Less : Impairment loss allowance	1,443.10	-	-	-	1,443.10	1,695.57	-	-	-	1,695.57	1,838.95	-	-		[illegible]
Total (B)-NET	**178,119.15**	-	-	-	**178,119.15**	**152,438.65**	-	-	-	**152,438.65**	**134,056.64**	-	-		[illegible]
(C)															
(I) Loans in India															
i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-	-		
ii) Others	179,562.25	-	-	-	179,562.25	154,134.22	-	-	-	154,134.22	135,895.59	-	-		[illegible]
Total (C) (I)- Gross	**179,562.25**	-	-	-	**179,562.25**	**154,134.22**	-	-	-	**154,134.22**	**135,895.59**	-	-		[illegible]
Less : Impairment loss allowance	1,443.10	-	-	-	1,443.10	1,695.57	-	-	-	1,695.57	1,838.95	-	-		[illegible]
Total (C) (I)-Net	178,119.15	-	-	-	178,119.15	152,438.65	-	-	-	152,438.65	134,056.64	-	-		[illegible]

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Summary of ECL provisions

Particulars	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
i) Gold loan	124.59	5.47	516.93	646.99	316.73	11.28	271.31	599.32
ii) Commercial Vehicle loan (CVD)	54.42	9.24	89.03	152.69	31.14	6.03	89.53	126.70
iii) Mortgage/Property loan	4.73	0.82	52.57	58.12	4.95	3.44	60.58	68.97
iv) Onlending	36.78	-	-	36.78	43.64	-	-	43.64
v) Microfinance	234.68	0.82	184.73	420.23	206.05	1.09	567.59	774.73
vi) Home finance	15.88	14.29	36.55	66.72	16.47	18.70	37.31	72.48
v) Others	3.49	4.08	7.68	15.23	3.01	3.01	3.71	9.73
Total closing ECL provision	474.58	34.72	887.49	1,396.76	621.99	43.55	1,030.02	1,695.57

Provision as per RBI Prudential Norms*		
Total	1,341.73	1,499.48

A. GOLD LOAN

Credit Quality of Assets

Particulars	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Standard Grade	118,910.88	-	-	118,910.88	111,875.53	-	-	111,875.53	95,723.59	-		[illegible]
Sub Standard Grade	-	5,382.65	-	5,382.65	-	3,753.00	-	3,753.00	-	10,102.00		[illegible]
Doubtful and Loss Assets	-	-	5,321.63	5,321.63	-	-	1,735.40	1,735.40	-	-	5,443.00	[illegible]
	118,910.88	5,382.65	5,321.63	129,615.16	111,875.53	3,753.00	1,735.40	117,363.93	95,723.59	10,102.00	5,443.00	111,26

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to gold loans is, as follows

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	113,092.11	6,052.72	(1,780.89)	117,363.93	96,940.14	12,402.15	1,926.30	111,268.59
New assets originated or purchased	896,483.90	-	-	896,483.90	621,612.37	-	-	621,612.37
Assets derecognised or repaid (excluding write offs)	(824,599.09)	(56,963.27)	(2,670.31)	(884,232.67)	(539,615.70)	(65,697.57)	(10,223.76)	(615,537.03)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(60,226.50)	60,226.50	-	-	(63,347.33)	63,347.33	-	-
Transfers to Stage 3	(3,813.18)	(2,122.55)	5,935.73	-	(2,517.37)	(3,999.19)	6,516.56	-
Gross carrying amount closing balance	120,937.34	7,193.40	1,484.52	129,615.16	113,092.11	6,052.72	(1,780.89)	117,363.93

Reconciliation of ECL balance is given below:

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	316.73	11.28	271.31	599.32	86.41	9.54	123.48	219.43
New assets originated or purchased	2,483.13	-	237.47	2,720.60	548.72	-	-	548.72
Assets derecognised or repaid (excluding write offs)	(2,502.21)	(171.63)	-	(2,673.85)	(260.19)	(48.77)	140.13	(168.83)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(166.82)	166.82	-	-	(55.92)	55.92	-	-
Transfers to Stage 3	(6.24)	(1.00)	8.15	0.91	(2.29)	(5.40)	7.70	-
ECL allowance - closing balance	124.59	5.47	516.93	646.38	316.73	11.28	271.31	599.32

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B. Commercial Vehicle Loans
Credit Quality of Assets

Particulars	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Standard Grade	10,019.55	-	-	10,019.55	5,320.68	-	-	5,320.68	2,710.97	-		[illegible]
Sub Standard Grade	-	861.43	-	861.45	-	490.82	-	490.82	-	296.06		[illegible]
Doubtful and Loss Assets	-	-	209.98	209.98	-	-	147.95	147.95	-	-	51.25	[illegible]
Total	10,052.01	806.15	177.52	11,090.96	5,320.68	490.82	147.95	5,959.45	2,710.97	296.06	51.25	[illegible]
Effective interest rate adjustment				-38.64				14.89				[illegible]
Net Amount				11,052.32				5,974.34				[illegible]

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Vehicle loans is, as follows

	FY 2018-19				FY 2017-18				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount opening balance	5,331.63	489.74	152.98	5,974.34	2,710.97	296.06	51.25	-	3,058.28
New assets originated or purchased	7,715.12	185.97	14.15	7,915.23	4,380.59	164.08	19.05	-	4,563.7[illegible]
Assets derecognised or repaid	-2,462.01	-299.22	-59.94	-2,821.17	-1,319.29	-284.08	-28.13	-	-1,631.5[illegible]
Transfers to Stage 1	40.60	-37.51	-3.09	-	24.08	-24.08	-	-	-
Transfers to Stage 2	-516.78	524.07	-7.29	-	-383.91	383.98	-0.07	-	-
Transfers to Stage 3	-68.75	-55.15	123.90	-	-79.21	-41.82	121.03	-	-
Other adjustments	-2.68	-1.76	-11.65	-16.08	-1.60	-4.39	-10.16	-	-16.15
Gross carrying amount closing balance	10,037.12	806.15	209.05	11,052.32	5,331.63	489.74	152.98	-	5,974.34

Reconciliation of ECL balance is given below:

	FY 2018-19				FY 2017-18				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance - opening balance	31.14	6.03	89.53	126.70	16.41	6.01	31.05	-	53.48
New assets originated or purchased	40.49	1.99	6.00	48.48	25.29	2.37	11.71	-	39.34
Assets derecognised or repaid	-14.03	-3.28	-52.80	-70.11	(7.89)	(5.70)	(25.81)	-	-39.4[illegible]
Transfers to Stage 1	0.21	-0.46	-1.85	-2.10	0.14	(0.48)	-	-	-0.34
Transfers to Stage 2	-2.99	5.62	-4.38	-1.75	(2.30)	4.67	(0.04)	-	2.33
Transfers to Stage 3	-0.40	-0.67	52.53	51.46	(0.47)	(0.84)	72.62	-	71.3[illegible]
ECL allowance - closing balance	54.42	9.24	89.03	152.69	31.14	6.03	89.53	-	126.7[illegible]

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C. Mortgage/Property loan
Credit Quality of Assets

Particulars	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Standard Grade	188.34			188.34	215.48			215.48	258.88			[illegible]
Sub Standard Grade		15.44		15.44		47.63		47.63		66.42		[illegible]
Doubtful and Loss Assets			98.16	98.16			88.52	88.52			46.04	[illegible]
Total	188.34	15.44	98.16	301.94	215.48	47.63	88.52	351.63	258.88	66.42	46.04	371
Effective interest rate adjustment				-2.00				-2.77				-
Net Amount				299.94				348.86				348

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to SME loans is, as follows

	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	212.71	47.63	88.52	348.86	258.88	66.42	46.04	371.35
New assets originated or purchased	111.25	-	-	111.25	120.38	2.55	0.00	122.93
Assets derecognised or repaid	-133.35	-17.48	-9.34	-160.17	-138.15	-8.15	0.88	-145.42
Transfers to Stage 1	10.86	-10.38	-0.48	-	0.63	-0.63	-	-
Transfers to Stage 2	-1.50	2.33	-0.83	-	-21.66	21.66	0.00	-
Transfers to Stage 3	-13.62	-6.66	20.28	-	-7.37	-34.22	41.59	-
Other adjustments	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	186.34	15.44	98.16	299.94	212.71	47.63	88.52	348.86

Reconciliation of ECL balance is given below:

	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4.95	3.44	60.58	68.96	4.16	4.29	31.51	39.96
New assets originated or purchased	2.94			2.94	2.74	0.18	8.27	11.20
Assets derecognised or repaid	(3.11)	(1.53)	(17.49)	(22.13)	(1.55)	(0.07)	-	(1.62)
Transfers to Stage 1	0.29	(0.74)	(0.24)	(0.68)	0.01	(0.04)	-	(0.03)
Transfers to Stage 2	(0.03)	0.12	(0.41)	(0.32)	(0.32)	1.54	-	1.22
Transfers to Stage 3	(0.50)	(0.47)	10.14	9.16	(0.11)	(2.45)	20.80	18.24
ECL allowance - closing balance	4.73	0.82	52.57	58.13	4.95	3.44	60.58	68.96

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ONLENDING

Credit Quality of Assets

Particulars	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Standard Grade	9,628.69	-	-	9,628.69	5,512.77	-	-	5,512.77	799.25	-		[illegible]
Sub Standard Grade	-	-	-			-	-			-		
Doubtful and Loss Assets	-	-	-			-	-			-		
Total	9,628.69	0.00	0.00	9,628.69	5,512.77	0.00	0.00	5,512.77	799.25	0.00	0.00	[illegible]
Effective interest rate adjustment (B)				28.10				14.85				[illegible]
Net Amount				9,600.59				5,497.92				[illegible]

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to onlending loans is, as follows

	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,497.92	-	-	5,497.92	799.25	-	-	799.25
New assets originated or purchased	5,781.26	-	-	5,781.26	5,072.09	-	-	5,072.09
Assets derecognised or repaid (excluding	(1,678.59)	-	-	(1,678.59)	(373.42)	-	-	(373.42)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	9,600.59	-	-	9,600.59	5,497.92	-	-	5,497.92

Reconciliation of ECL balance is given

	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	43.64	-	-	43.64	8.95	-	-	8.95
New assets originated or purchased	18.06	-	-	18.06	38.39	-	-	38.39
Assets derecognised or repaid (excluding	(24.93)	-	-	(24.93)	(3.70)	-	-	(3.70)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
ECL allowance - closing balance	36.78	-	-	36.78	43.64	-	-	43.64

DELOITTE HASKINS & SELLS LLP * BENGALURU * CHARTERED ACCOUNTANTS

MICROFINANCE LOAN

Credit Quality of Assets

	31-Mar-19				31-Mar-18				01-Apr-17			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing												
High grade	-	-	-	-	-	-	-	-	-	-	-	
Standard grade	23,402.65	-	-	23,402.65	20,467.45	-	-	20,467.45	15,811.40	-	-	15,811[illegible]
Sub- Standard grade	-	78.34	-	78.34	-	102.88	-	102.88	-	714.96	-	[illegible]
Low risk asset grade	-	-	-	-	-	-	-	-	-	-	-	
Non- performing	-	-	-	-	-	-	-	-	-	-	-	
Individually impaired	-	-	170.80	170.80	-	-	555.89	555.89	-	-	724.64	[illegible]
Total	23,402.65	78.34	170.80	23,651.79	20,467.45	102.88	555.89	21,126.21	15,811.40	714.96	724.64	17,251[illegible]

	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	20,467.45	102.88	555.89	21,126.21	15,811.40	714.96	724.64	17,251.00
New assets originated or purchased	19,847.20	55.48	28.34	19,931.02	21,520.61	49.13	118.96	21,688.70
Assets derecognised or repaid	(14,699.14)	(47.02)	(17.92)	(14,764.08)	(3,229.83)	(8.24)	(13.10)	(3,251.17)
Transfers to Stage 1	18,254.58	-	-	18,254.58	2,176.68	-	-	2,176.68
Transfers to Stage 2	-	69.87	-	69.87	-	61.98	-	61.98
Transfers to Stage 3	-	-	160.39	160.39	-	-	450.02	450.02
Gross carrying amount closing balance	23,402.64	78.33	170.81	23,651.79	20,467.46	102.87	555.88	21,126.21

Reconciliation of ECL balance is given below:

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	206.05	1.09	567.59	774.73	157.60	7.15	802.25	967.00
New assets originated or purchased	198.47	0.55	28.34	227.36	215.21	0.49	118.94	334.65
Assets derecognised or repaid	(146.34)	(0.43)	(4.00)	(150.77)	(30.93)	(0.02)	(1.37)	(32.34)
Transfers to Stage 1	182.55	-	-	182.55	21.77	-	-	21.77
Transfers to Stage 2	-	0.70	-	0.70	-	0.62	-	0.62
Transfers to Stage 3	-	-	160.39	160.39	-	-	450.02	450.02
ECL allowance - closing balance	234.68	0.82	184.73	420.22	206.05	1.09	567.59	774.72

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

HOME FINANCE

i) Home Loan

Credit Quality of Assets

	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk Assets	4,617.23	428.32	212.12	5,257.68	3,144.94	466.66	181.83	3,793.42	2,839.49	247.38	46.38	[illegible]
Medium Risk Assets	-	-	-	-	-	-	-	-	-	-		
High Risk Assets	-	-	-	-	-	-	-	-	-	-		
Total	4,617.23	428.32	212.12	5,257.68	3,144.94	466.66	181.83	3,793.42	2,839.49	247.38	46.38	3,13[illegible]
Effective interest rate adjustment				42.41				27.72				[illegible]
Net Amount				5,215.26				3,765.70				3,1[illegible]

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Home loans is, as follows

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,206.72	323.97	163.39	2,694.08	2,076.85	199.40	45.06	2,321.31
New assets originated or increase in contractual cash flow	1,581.83	17.18	10.41	1,609.42	909.10	17.54	1.40	928.03
Assets derecognised or repaid	(388.52)	(40.83)	(51.31)	(480.67)	(515.73)	(34.85)	(4.65)	(555.24)
Transfers to Stage 1	92.60	(81.48)	(11.13)	0.00	33.72	(33.72)	-	-
Transfers to Stage 2	(126.01)	136.05	(10.04)	-	(240.98)	240.98	-	-
Transfers to Stage 3	(22.54)	(51.47)	74.01	-	(56.24)	(65.34)	121.58	-
Gross carrying amount closing balance	3,344.07	303.42	175.34	3,822.83	2,206.72	323.97	163.39	2,694.08

Reconciliation of ECL balance is given below:

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	16.47	18.70	37.31	72.48	12.24	10.28	11.61	34.13
New assets originated or purchased	6.30	5.28	18.68	30.26	9.64	13.77	21.89	45.31
Assets derecognised or repaid	(13.13)	(5.54)	(17.36)	(36.02)	(5.20)	(1.24)	(0.52)	(6.96)
Transfers to Stage 1	7.64	(4.58)	(3.06)	-	1.92	(1.92)	-	-
Transfers to Stage 2	(1.15)	3.59	(2.44)	-	(1.70)	1.70	-	-
Transfers to Stage 3	(0.25)	(3.16)	3.41	-	(0.43)	(3.90)	4.33	-
ECL allowance - closing balance	15.88	14.29	36.55	66.72	16.47	18.70	37.31	72.48

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

YVPN

ii) Other Loan

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Other loans is, as follows

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	938.22	142.69	18.44	1,099.35	762.64	48.58	1.32	812.54
New assets originated or purchased	541.61	8.84	2.19	552.64	439.43	4.04	1.13	444.60
Assets derecognised or repaid	(183.12)	(29.85)	(4.16)	(217.15)	(140.81)	(16.74)	-	(157.55)
Transfers to Stage 1	39.49	(39.49)	-	-	7.07	(6.29)	(1.03)	(0.25)
Transfers to Stage 2	(56.65)	57.56	(0.91)	-	(120.73)	120.73	-	-
Transfers to Stage 3	(6.38)	(14.85)	21.23	-	(9.39)	(7.63)	17.02	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	1,273.17	124.90	36.79	1,434.84	938.21	142.69	18.44	1,099.34

Reconciliation of ECL balance is given below:

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3.01	3.01	3.71	9.73	1.47	0.84	0.28	2.59
New assets originated or purchased	1.79	3.07	4.81	9.67	2.10	2.51	3.45	8.06
Assets derecognised or repaid	(2.07)	(1.00)	(1.09)	(4.16)	(0.83)	(0.30)	-	(0.83)
Transfers to Stage 1	0.98	(0.98)	-	-	0.32	(0.15)	(0.16)	0.01
Transfers to Stage 2	(0.20)	0.20	-	-	(0.23)	0.23	-	-
Transfers to Stage 3	(0.03)	(0.22)	0.25	-	(0.02)	(0.12)	0.14	-
ECL allowance - closing balance	3.49	4.08	7.68	15.24	3.01	3.01	3.71	9.73

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Note [illegible] : Investments

Particulars	Amortised Cost	At Fair value Through profit or loss	Total
As at 31 March 2019			
i) Debt Instruments (Unquoted)			
Investment in Pass through certificates (PTCs)	1,746.24	-	1,746.24
ii) Equity instruments in others (Unquoted)		0.53	0.53
Total Gross (A)	**1,746.24**	**0.53**	**1,746.77**
i) Investments outside India			
ii) Investments in India	1,746.24	0.53	1,746.77
Total Gross (B)	1,746.24	0.53	1,746.77
Less : Allowance for impairment loss	9.22		9.22
Total - Net (D) = (A) -(C)	**1,737.02**	**0.53**	**1,737.55**
As at 31 March 2018			
i) Debt Instruments (Unquoted)			
50, Non-convertible Subordinate bonds of Rs. 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	-	50.00
ii) Equity instruments in others (Unquoted)	-	0.53	0.53
Total Gross (A)	**50.00**	**0.53**	**50.53**
i) Investments outside India	-	-	-
ii) Investments in India	50.00	0.53	50.53
Total Gross (B)	50.00	0.53	50.53
Less : Allowance for impairment loss	1.28	-	1.28
Total - Net (D) = (A) -(C)	**48.72**	**0.53**	**49.25**
As at 1 April 2017			
i) Debt Instruments (Unquoted)			
50, Non-convertible Subordinate bonds of Rs. 1,000,000/- each fully paid in Dhanalaxmi Bank Limited	50.00	-	50.00
ii) Equity instruments in others (Unquoted)	-	0.53	0.53
Total Gross (A)	**50.00**	**0.53**	**50.53**
i) Investments outside India	-	-	-
ii) Investments in India	50.00	0.53	50.53
Total Gross (B)	**50.00**	**0.53**	**50.53**
Less : Allowance for impairment loss	1.50	-	1.50
Total - Net (D) = (A) -(C)	**48.50**	**0.53**	**49.03**

Investment designated at FVTPL is a portfolio of equity instruments. Equity instruments have been classified at Fair value through profit and loss since cash flows from equity instruments does not represent solely payment of principal and interest.

Manappuram Finance Limited

Notes to Consolidated Financial Statements for the year ended 31 March 2019

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

Note 13: Investments (Contd....)

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal Grade Rating	31-Mar-19				31-Mar-18				01-Apr-17			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing												
High Grade	1,746.24	-	-	1,746.24	-	-	-	-	-	-	-	-
Standard Grade	-	-	-	-	-	50.00	-	50.00	-	50.00	-	50.00
Non-Performing												
Individually impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,746.24	-	-	1,746.24	-	50.00	-	50.00	-	50.00	-	50.00

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount – opening balance	-	50.00	-	50.00	-	50.00		50.00
New assets originated or purchased	1,746.24	-	-	1,746.24	-	-	-	-
Assets derecognised or matured (excluding write-offs)	-	(50.00)	-	(50.00)	-	-	-	-
Closing balance	1,746.24	-	-	1,746.24	-	50.00	-	50.00

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance in ECL	-	1.28	-	1.28	-	-	-	-
ECL New assets originated or purchased	9.22	-	-	9.22	-	1.50	-	1.50
ECL on derecognition of Assets	-	(1.28)	-	(1.28)	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	(0.22)	-	(0.22)
Closing balance in ECL	9.22	-	-	9.22	-	1.28	-	1.28

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

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

Note 14: Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued on loan portfolio (Secured, considered good)	3,885.71	2,994.19	2,984.50
Interest accrued on fixed deposits and investment	93.96	77.23	64.26
Bank deposits with original maturity exceeding 12 months*	416.00	310.76	157.53
Security deposits**	553.72	555.36	510.95
Commission receivable	3.88	1.71	1.56
Funds in transit	324.64	129.97	51.02
Gold investment	200.87	202.69	215.40
Asset held for sale	31.55	-	
Others	506.50	297.56	1,360.80
Total	6,016.83	4,569.45	5,346.02

* Employee security deposits aggregating to Rs. 408.04 (31 March 2018: Rs. 297.72 & 1 April 2017: Rs. 157.53)

** Deposits aggregating to Rs. 47.10 (31 March 2018: Rs.44.35, 1 April 2017: Rs. 42.07) towards security deposit to various authorities.

Note 15: Current tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance tax and tax deducted at source (net of Provisions for taxation)	1,894.05	1,057.71	917.43
Total	1,894.05	1,057.71	917.43

Note 16: Investment property

Particulars	Amount
Cost:	
At 1 April 2017	**0.86**
Additions	-
Disposals	-
At 31 March 2018	**0.86**
Additions	-
Disposals	-
At 31 March 2019	**0.86**
Depreciation and impairment:	
At 1 April 2017	-
Disposals	-
Depreciation charge for the period	-
At 31 March 2018	-
Disposals	-
Depreciation charge for the period	-
At 31 March 2019	-
Net book value:	
At 1 April 2017	**0.86**
At 31 March 2018	**0.86**
At 31 March 2019	**0.86**

Manappuram Finance Limited

Notes to Consolidated Financial Statements for the year ended 31 March 2019

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

Note 17: Property, plant and equipment

Particulars	Land-Freehold	Buildings	Office equipment	Electrical Installation	Computer equipment *	Furniture and Fixtures	Vehicles	Plant and Equipments	Total
Cost:									
At 1 April 2017	134.51	269.63	118.24	40.61	327.52	836.76	70.72	33.21	[illegible]
Additions	14.92	945.59	46.14	15.48	315.25	175.83	15.80	-	[illegible]
Disposals	-	0.68	0.92	0.48	44.61	10.64	8.51	-	[illegible]
At 31 March 2018	**149.43**	**1,214.54**	**163.46**	**55.61**	**598.16**	**1,001.95**	**78.01**	**33.21**	**3,294.37**
Cost:									
At 01 April 2018	149.43	1,214.54	163.46	55.61	598.16	1,001.95	78.01	33.21	[illegible]
Additions	36.21	76.54	97.81	65.75	231.55	642.03	6.24	0.15	[illegible]
Addition on acquisition of Subsidiary	-	-	-	-	14.66	7.35	-	4.15	[illegible]
Disposals	-	-	3.09	0.24	47.88	2.39	19.31	-	[illegible]
At 31 March 2019	**185.64**	**1,291.08**	**258.18**	**121.12**	**796.49**	**1,648.94**	**64.94**	**37.51**	**4,403.95**
Accumulated Depreciation:									
At 01 April 2017	-	-	-	-	-	-	-	-	
Depreciation charge for the year	-	16.26	78.41	24.69	254.01	268.96	19.44	3.31	[illegible]
Eliminated on disposal of Assets	-	0.03	0.67	0.48	44.55	10.38	1.16	-	[illegible]
At 31 March 2018	-	16.23	77.74	**24.21**	209.46	**258.58**	**18.28**	**3.31**	607.81
At 01 April 2018									
Accumulated Depreciation:	-	16.23	**77.74**	**24.21**	**209.46**	**258.58**	**18.28**	3.31	607.81
Depreciation charge for the year	-	43.33	73.80	29.73	263.08	286.05	11.35	3.32	[illegible]
Addition on acquisition of Subsidiary	-	-	-	-	9.99	6.06		3.94	[illegible]
Eliminated on disposal of Assets	-	-	2.98	0.24	47.63	2.02	6.42	-	[illegible]
At 31 March 2019	-	**59.56**	**148.56**	**53.70**	**434.90**	**548.67**	**23.21**	**10.57**	**1,279.17**
Carrying Amount									
At 01 April 2017	**134.51**	**269.63**	**118.24**	**40.61**	**327.52**	**836.76**	**70.72**	**33.21**	**1,831.20**
At 31 March 2018	**149.43**	**1,198.31**	**85.72**	**31.40**	**388.70**	**743.37**	**59.73**	**29.90**	**2,686.56**
At 31 March 2019	**185.64**	**1,231.52**	**109.62**	**67.42**	**361.59**	**1,100.27**	**41.73**	**26.94**	**3,124.73**

*Includes Computers taken on finance lease - Gross block Rs. 82.25 as at 31 March 2019 (31 March 2018: Rs. 170.92 , 1 April 2017: Rs. 60.76). Depreciation for the year Rs. [illegible] (31 March 2018: Rs. 43.18), Accumulated Depreciation Rs. 61.85 (31 March 2018: Rs. 43.18, 1 April 2017: Rs. Nil) Net block Rs.20.40 (31 March 2018: Rs. 127.74, 1 April 2017: Rs. [illegible]

Manappuram Finance Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 18: Other intangible assets

Particulars	Computer Software
Cost:	
At 1 April 2017	31.10
Additions	49.46
Disposals	9.18
At 31 March 2018	**71.38**
At 1 April 2018	**71.38**
Additions	173.14
Addition on acquisition of Subsidiary	9.65
Disposals	4.12
At 31 March 2019	**250.05**
Accumulated Amortization	
At 1 April 2017	-
Charge for the year	17.51
Eliminated on disposal of Assets	3.03
At 31 March 2018	**14.48**
Accumulated Amortization	
At 01 April 2018	**14.48**
Charge for the year	41.68
Addition on acquisition of Subsidiary	9.24
Eliminated on disposal of Assets	0.01
At 31 March 2019	**65.39**
Net book value	
At 01 April 2017	**31.10**
At 31 March 2018	**56.90**
At 31 March 2019	**184.66**

Note 19: Other non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	7.70	4.28	2.58
Balance with government authorities	2.15	5.53	43.37
Others	557.06	523.11	123.43
Ancillary cost of arranging the borrowings	61.39	37.11	66.11
Capital advances	10.86	65.17	25.71
Deferred lease rentals	68.55	94.02	124.54
	707.71	**729.22**	**385.74**

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

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

Note 20: Derivative financial instruments

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Total	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Total	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Total
Currency derivatives:												
-Spots and forwards	-	-	-	-	-	-	-	-	5,233.94	-	363.84	363.84
-Currency swaps	1,534.52	-	(32.31)	(32.31)	1,446.21	-	66.62	66.62	1,438.99	-	97.59	97.59
Total derivative financial instruments	**1,534.52**	**-**	**(32.31)**	**(32.31)**	**1,446.21**	**-**	**66.62**	**66.62**	**6,672.93**	**-**	**461.43**	**461.43**

Note 20.1 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk
The Group's risk management strategy and how it is applied to manage risk are explained in Note 51 below.

20.1.2 Derivatives designated as hedging instruments

The group is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 22.19 million. Interest on the borrowing is payable at 8-9% of % p.a. and the principal amount is repayable partly in May 2019 and December 2019. The Group economically hedged the foreign currency risk arising from the loan with Cross Currency swaps of equivalent amount. The Cross Currency Swap converts the cash outflows of the foreign currency fixed rate borrowing of USD 22.16 million to cash outflows in INR with a notional amount of Rs. 1,534.52.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward currency contract match that of the foreign currency borrowing (notional amount, principal repayment date etc.). The group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward currency contract are identical to the hedged risk components. For the purpose of calculating hedge effectiveness, the group uses a qualitative features to determine the hedge effectiveness.

31-Mar-19

The impact of the hedging instruments on the balance sheet is, as follows

Particulars	Notional amount	Carrying amount	Line item in the statement of financial position	Hedge reserve as at 31 March 2019
Cross Currency Swaps	1,534.52	(32.31)	Derivative financial instruments	(2.21)

Manappuram Finance Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 21: Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) total outstanding dues of micro enterprises and small enterprises	0.90	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	[illegible]	1,181.55	1,146.57
Total	1,326.56	1,184.55	1,146.57

Note 21(i) Disclosures required under Section 22 of the Micro,Small & Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	[illegible]	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
Total	[illegible]	-	-

Note 22: Debt securities

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortised cost			
Commercial Papers (Unsecured)	[illegible]	29,101.30	[illegible]
Privately placed redeemable non convertible debentures (Secured)	[illegible]	24,616.04	[illegible]
Others - Non convertible Debentures - Public issue (Secured)	[illegible]	578.10	[illegible]
Total (A)	55,986.53	54,295.44	48,335.79
Debt securities in India	[illegible]	[illegible]	[illegible]
Debt securities outside India	-	-	-
Total (B)	55,986.53	54,295.44	48,335.79

Commercial papers carry interest rates of 7.5% to 9.60% (31 March 2018 7.55% to 8.50%, 1 April 2017 7.25% - 10.05% p.a.) and their tenure ranges from 47 days to 180 days (31 March 2018 & 1 April 2017 60 days to 364 days)

Nature of Security
Secured by a floating charge on the book debts of the Company, gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time.

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

Details of Secured Non-Convertible Debentures

Sr. No.	Private Placement/ Public Issue	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest p.a.	Face value	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017	Secured/ Unsecured	Terms of redemption
1	Public Issue	5-Apr-14	5-Apr-17	1,000.00	585,064	12.25%	585.06	-	-	585.06	Secured	On Maturity
2	Public Issue	5-Apr-14	5-Apr-17	1,000.00	115,408	12.50%	115.41	-	-	115.41	Secured	On Maturity
3	Public Issue	5-Apr-14	5-Apr-17	1,000.00	199,692	Zero Coupon	199.69	-	-	199.69	Secured	On Maturity
4	Public Issue	18-Oct-14	18-Oct-17	1,000.00	1,137,977	11.50%	1,137.98	-	-	1,137.98	Secured	On Maturity
5	Public Issue	18-Oct-14	18-Oct-17	1,000.00	327,966	11.75%	327.97	-	-	327.97	Secured	On Maturity
6	Public Issue	18-Oct-14	18-Oct-17	1,000.00	340,631	Zero Coupon	340.63	-	-	340.63	Secured	On Maturity
7	Private Placement	31-Dec-12	31-Dec-17	1,000,000.00	400	12.55%	400.00	-	-	400.00	Secured	On Maturity
8	Private Placement	9-Jan-13	9-Jan-18	1,000,000.00	116	12.40%	116.00	-	-	116.00	Secured	On Maturity
9	Private Placement	1-Feb-13	1-Feb-18	1,000,000.00	250	12.55%	250.00	-	-	250.00	Secured	On Maturity
10	Private Placement	20-Mar-13	20-Mar-18	1,000,000.00	1	12.40%	1.00	-	-	1.00	Secured	On Maturity
11	Private Placement	28-Jul-16	28-Jul-18	1,000,000.00	400	10.30%	400.00	-	400.00	400.00	Secured	On Maturity
12	Private Placement	28-Jul-16	28-Jul-18	1,000,000.00	1,000	10.30%	1,000.00	-	1,000.00	1,000.00	Secured	On Maturity
13	Private Placement	31-Aug-16	20-Dec-18	1,000,000.00	2,000	10.20%	2,000.00	-	2,000.00	2,000.00	Secured	On Maturity
14	Private Placement	5-Aug-16	28-Dec-18	1,000,000.00	1,000	10.31%	1,000.00	-	1,000.00	1,000.00	Secured	On Maturity
15	Public Issue	28-Jan-14	28-Jan-19	1,000.00	4,919	11.50%	4.92	-	4.92	4.92	Secured	On Maturity
16	Public Issue	28-Jan-14	28-Jan-19	1,000.00	9,265	12.00%	9.27	-	9.27	9.27	Secured	On Maturity
17	Public Issue	28-Jan-14	28-Jan-19	1,000.00	1,875	Zero Coupon	1.88	-	1.88	1.88	Secured	On Maturity
18	Private Placement	5-Aug-16	15-Mar-19	1,000,000.00	1,500	10.31%	1,500.00	-	1,500.00	1,500.00	Secured	On Maturity
19	Private Placement	27-Sep-16	20-Mar-19	1,000,000.00	1,000	10.05%	1,000.00	-	1,000.00	1,000.00	Secured	On Maturity
20	Private Placement	27-Sep-16	20-Mar-19	1,000,000.00	500	10.05%	500.00	-	500.00	500.00	Secured	On Maturity
21	Private Placement	23-Aug-16	22-Mar-19	1,000,000.00	750	10.20%	750.00	-	750.00	750.00	Secured	On Maturity
22	Private Placement	23-May-16	4-Apr-19	1,000,000.00	1,500	10.50%	1,500.00	1,500.00	1,500.00	1,500.00	Secured	On Maturity
23	Public Issue	5-Apr-14	5-Apr-19	1,000.00	5,012	11.50%	5.01	5.01	5.01	5.01	Secured	On Maturity
24	Public Issue	5-Apr-14	5-Apr-19	1,000.00	4,661	12.00%	4.66	4.66	4.66	4.66	Secured	On Maturity
25	Public Issue	5-Apr-14	5-Apr-19	1,000.00	3,786	Zero Coupon	3.79	3.79	3.79	3.79	Secured	On Maturity
26	Private Placement	29-Jun-16	29-Jun-19	1,000,000.00	400	9.80%	400.00	400.00	400.00	400.00	Secured	On Maturity
27	Private Placement	29-Jun-18	29-Jun-19	1,000,000.00	665	9.50%	665.00	665.00	-	-	Secured	On Maturity
28	Private Placement	31-Jul-18	31-Jul-19	1,000,000.00	168	9.50%	168.33	168.33	-	-	Secured	On Maturity
29	Private Placement	26-Aug-16	26-Aug-19	1,000,000.00	500	10.25%	500.00	500.00	500.00	500.00	Secured	On Maturity
30	Private Placement	15-Sep-16	15-Sep-19	1,000,000.00	2,000	10.15%	2,000.00	2,000.00	2,000.00	2,000.00	Secured	On Maturity
31	Private Placement	14-Oct-16	14-Oct-19	1,000,000.00	2,500	9.99%	2,500.00	2,500.00	2,500.00	2,500.00	Secured	On Maturity
32	Public Issue	18-Oct-14	18-Oct-19	1,000.00	22,024	11.25%	22.02	22.02	22.02	22.02	Secured	On Maturity
33	Public Issue	18-Oct-14	18-Oct-19	1,000.00	11,446	11.50%	11.45	11.45	11.45	11.45	Secured	On Maturity
34	Public Issue	18-Oct-14	18-Oct-19	1,000.00	1,524	Zero Coupon	1.52	1.52	1.52	1.52	Secured	On Maturity
35	Public Issue	28-Jan-14	28-Nov-19	1,000.00	175,298	Zero Coupon	175.30	175.30	175.30	175.30	Secured	On Maturity
~~36~~	~~Public Issue~~	~~29-Nov-18~~	~~03-Jan-20~~	~~1,000.00~~	~~277,977~~	~~Zero Coupon~~	~~277.98~~	~~277.98~~	~~-~~	~~-~~	~~Secured~~	~~On Maturity~~
37	Public Issue	5-Apr-14	5-Feb-20	1,000.00	187,771	Zero Coupon	187.77	187.77	187.77	187.77	Secured	On Maturity
38	Private Placement	29-Jun-18	29-Jun-20	1,000,000.00	665	9.50%	665.00	665.00	-	-	Secured	On Maturity
39	Private Placement	31-Jul-18	31-Jul-20	1,000,000.00	168	9.50%	168.33	168.33	-	-	Secured	On Maturity
40	Private Placement	30-Oct-17	29-Oct-20	1,000,000.00	2,000	8.80%	2,000.00	2,000.00	2,000.00	-	Secured	On Maturity
41	Public Issue	29-Nov-18	28-Nov-20	1,000.00	113,741	9.85%	113.74	113.74	-	-	Secured	On Maturity
42	Public Issue	29-Nov-18	28-Nov-20	1,000.00	122,818	Zero Coupon	122.82	122.82	-	-	Secured	On Maturity
43	Public Issue	18-Oct-14	18-Jan-21	1,000.00	150,523	Zero Coupon	150.52	150.52	150.52	150.52	Secured	On Maturity
44	Private Placement	29-Jun-18	29-Jun-21	1,000,000.00	665	9.50%	665.00	665.00	-	-	Secured	On Maturity
45	Private Placement	31-Jul-18	31-Jul-21	1,000,000.00	168	9.50%	168.33	168.33	-	-	Secured	On Maturity
46	Public Issue	29-Nov-18	29-Nov-21	1,000.00	274,444	9.60%	274.44	274.44	-	-	Secured	On Maturity
47	Public Issue	29-Nov-18	29-Nov-21	1,000.00	217,458	10.00%	217.46	217.46	-	-	Secured	On Maturity
48	Public Issue	29-Nov-18	29-Nov-21	1,000.00	193,893	Zero Coupon	193.89	193.89	-	-	Secured	On Maturity
49	Public Issue	6-Mar-19	06-Mar-22	1,000.00	153,131	9.35%	153.13	153.13	-	-	Secured	On Maturity
50	Public Issue	6-Mar-19	06-Mar-22	1,000.00	166,043	9.75%	166.04	166.04	-	-	Secured	On Maturity
51	Public Issue	6-Mar-19	06-Mar-22	1,000.00	174,749	Zero Coupon	174.75	174.75	-	-	Secured	On Maturity
52	Private Placement	20-Mar-13	20-Mar-23	1,000,000.00	30	13.25%	30.00	30.00	30.00	30.00	Secured	On Maturity
53	Public Issue	29-Nov-18	29-Nov-23	1,000.00	574,214	10.00%	574.21	574.21	-	-	Secured	On Maturity
54	Public Issue	29-Nov-18	29-Nov-23	1,000.00	299,989	10.40%	299.99	299.99	-	-	Secured	On Maturity
55	Public Issue	29-Nov-18	29-Nov-23	1,000.00	147,955	Zero Coupon	147.96	147.96	-	-	Secured	On Maturity
56	Public Issue	6-Mar-19	06-Mar-24	1,000.00	285,001	9.75%	285.00	285.00	-	-	Secured	On Maturity
57	Public Issue	6-Mar-19	06-Mar-24	1,000.00	205,402	10.15%	205.40	205.40	-	-	Secured	On Maturity
58	Public Issue	6-Mar-19	06-Mar-24	1,000.00	89,932	Zero Coupon	89.93	89.93	-	-	Secured	On Maturity
59	Public Issue	29-Nov-18	29-Nov-25	1,000.00	397,723	Zero Coupon	397.72	397.72	-	-	Secured	On Maturity
60	Public Issue	6-Mar-19	05-May-26	1,000.00	204,779	Zero Coupon	204.78	204.78	-	-	Secured	On Maturity
61	Public Issue	Various Dates	Various Dates	1,000.00	1,824,110	-	1,824.11	-	-	1,824.11	Secured	On Maturity
62	Public Issue	Various Dates	Various Dates	1,000.00	1,503,394	-	1,503.39	-	1,503.39	-	Secured	On Maturity
63	Public Issue	Various Dates	Various Dates	1,000.00	42,309	-	42.31	42.31	-	-	Secured	On Maturity
Total amount								15,933.58	19,161.50	20,955.96		
Effective Interest Rate Adjustment								(113.80)	(18.78)	(47.09)		
Net Amount								15,819.78	19,142.72	20,908.86		

Details of Debentures - Secured and Unsecured, Redeemable Non convertible Debentures - Redeemable at par

No. of Debentures	Face value	Interest Rate	Due date of redemption	No. of instalments as at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
750	1,000,000	11.85%	30-Sep-19	6	124.66	372.32	742.93
2500	100,000	11.65%	28-Mar-19			149.55	211.25
1500	100,000	11.65%	17-Apr-19	1	46.81	152.63	148.68
700	1,000,000	13.25%	29-Mar-21	1	695.30	690.71	713.13
330	1,000,000	13.25%	01-May-21	1	344.44	343.04	377.80
100	1,000,000	14.50%	01-Dec-20		0.00	99.91	99.79
15	10,000,000	13.50%	12-Jul-19	1	150.00	150.00	150.00
25	10,000,000	13.50%	12-Jul-22	1	250.00	250.00	266.56
333	1,200,000	12.80%	01-Jul-19	1	34.28	170.74	312.80
400	1,000,000	12.25%	09-Aug-19	1	121.67	267.18	434.66
500	1,000,000	12.84%	19-Aug-19	1	539.81	536.54	503.55
380	1,000,000	12.00%	01-Nov-19	1	386.43	385.60	378.44
1000	1,000,000	12.30%	09-Aug-23	1	1,012.70	1,012.13	-
1000	1,000,000	11.55%	27-Nov-20	7	606.50	942.07	-
1500	1,000,000	11.42%	25-May-20	3	1,165.52	500.00	-
100	1,000,000	11.43%	22-May-20	3	77.83	-	-
100	1,000,000	11.43%	22-Jun-20	3	115.95	-	-
100	1,000,000	11.43%	22-Jun-20	3	154.41	-	-
5000	100,000	11.65%	27-Aug-20	4	377.35	-	-
2500	1,000,000	11.50%	31-Mar-21	9	799.00	-	-
1000	1,000,000	11.50%	31-Mar-21	9	332.98	0.55	-
Total					7,338.09	6,032.82	4,327.59
Add: Interest accrued not included in above					19.44	18.60	3.48
Net Total					7,357.53	6,051.42	4,331.07

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Manappuram Finance Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 23: Borrowings (other than debt securities)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortised cost:			
Term loan			
Indian rupee loan from banks (secured)	27,141.24	15,791.67	14,215.18
Foreign Currency Term Loan from banks (secured)	1,532.85	1,439.57	1,427.87
Indian rupee loan from other parties (secured)	2,192.08	3,098.66	3,988.94
Indian rupee loan from other parties (unsecured)	679.52	908.38	31.27
Finance Lease obligations	85.61	141.09	70.10
Loans repayable on demand			
Cash credit / Overdraft facilities from banks (secured)	22,587.56	5,125.84	5,895.46
Working Capital demand loan from banks (secured)	41,529.82	44,045.92	33,815.98
Vehicle loans (Secured)	22.16	24.44	29.74
Total	**95,770.84**	**70,575.57**	**59,474.54**
Borrowings in India*	95,770.84	70,575.57	59,474.54
Borrowings outside India	-	-	-
Total	**95,770.84**	**70,575.57**	**59,474.54**

*Includes foreign currency loan borrowed from Ratnakar Bank Limited.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Note 23: Borrowings (other than debt securities) (Contd.....)

Term loan from bank:

Indian rupee loan from banks (secured): These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 5179.20 (31 March 2018: Rs. 4,770.05, 1 April 2017: Rs. 4,671.71)

Foreign currency loan from Banks (secured):

1) Rs. 1000 (31 March 2018: Rs. 1,000, 1 April 2017: Rs. 1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9,2016.

2) Rs. 500 (31 March 2018: Rs. 500, 1 April 2017: Rs. 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 2016.

The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 1,500 (31 March 2018: Rs. 1,500, 1 April 2017: Rs. 1,500)

Term loan from other parties

Third party rupee term loan is unsecured where Interest payments are made quarterly at 7.60% pa.

Finance Lease Obligations: Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. Rs. 68.56 (31 March 2018: Rs. 83.52, 1 April 2017 - Rs. 9.88) each.

Loans repayable on demand

Cash credit / Overdraft facilities from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 18,203.14 (31 March 2018: Rs. 4,093.85, 1 April 2017: Rs. 5,419.20)

Working Capital demand loan from banks (secured):

These loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 34,300.00 (31 March 2018: Rs. 40,112.50, 1 April 2017: Rs. 33,814.17)

Other loans

Vehicle Loans: The loans are secured by hypothecation of the respective vehicles against which the loan has been availed

A) Indian rupee loan from banks (secured)

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.35 -10.75%	4,984.00
Due within 1-2 years	8.35 -10.75%	2,858.00
Due within 1 year	8.35 -10.75%	5,558.00
		13,400.00
Effective Interest Rate Adjustment		(18.48)
Net Amount Total (A)		**13,381.52**

Particulars		Amount
Base Rate+Spread		8,366.27
Fixed		2,868.50
Total (B)		**11,234.77**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	9.35% - 10.50%	78.92
Due within 2-5 years	9.35% - 10.50%	1,316.53
Due within 1-2 years	9.35% - 10.50%	569.93
Due within 1 year	9.35% - 10.50%	559.58
Total (C)		**2,524.96**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the

	Amount
TOTAL (A+B+C)	**27,141.25**

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within 1-2 years	8.20 -10.00%	2,700.00
Due within 1 year	8.20 -10.00%	754.16
		3,454.16
Effective Interest Rate Adjustment		**(1.14)**
Net Amount Total (A)		**3,453.02**

Particulars	Amount
Base Rate+Spread	7,368.43
Fixed	2,251.75
Total (B)	**9,620.18**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	8.80% - 9.65%	337.36
Due within 2-5 years	8.80% - 9.65%	1,310.80
Due within 1-2 years	8.80% - 9.65%	536.68
Due within 1 year	8.80% - 9.65%	533.63
Total (C)		**2,718.47**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the

	Amount
TOTAL (A+B+C)	**15,791.67**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within 1-2 years	9.60 -10.45%	795.83
Due within 1 year	9.60 -10.70%	4,841.67
		5,637.50
Effective Interest Rate Adjustment		(1.57)
Net Amount Total (A)		**5,635.93**

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 5179.20 (31 March 2018: Rs. 4,770.05, 1 April 2017: Rs. 4,671.71)

Particulars	Amount
Base Rate+Spread	6,182.86
Fixed	100.00
Total (B)	**6,282.86**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
More than 5 years	9.30% - 11.00%	464.54
Due within 2-5 years	9.30% - 11.00%	1,192.04
Due within 1-2 years	9.30% - 11.00%	397.35
Due within 1 year	9.30% - 11.00%	242.45
Total (C)		**2,296.38**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the

	Amount
TOTAL (A+B+C)	14,215.17

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

VPN

B) Indian rupee loan from others (Secured)

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	9.50 -10.00%	62.50
Due within 1-2 years	9.50 -10.00%	250.00
Due within One year	9.50 -10.00%	250.00
Total		**562.50**
Effective Interest Rate Adjustment		1.11
Net Amount		**561.39**

Particulars	Amount
Base Rate+Spread	999.32
Fixed	634.93
Total	**1,634.25**

As at March 31, 2018

Particulars	Amount
Fixed	3,103.95
Total	**3,103.95**

As at March 31, 2017

Particulars	Amount
Fixed	3,988.94
Total	**3,988.94**

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

C) Indian rupee loan from others (Unsecured)

As at March 31, 2019

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	175.96
Total		**175.96**

Particulars	Amount
Fixed	500.00
Total	**500.00**

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	153.08
Total		**153.08**

Particulars	Amount
Fixed	750.00
Total	**750.00**

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Due within One year	7.50 -8.00 %	31.27
Total		**31.27**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Manappuram Finance Limited

Notes to Consolidated Financial Statements for the year ended 31 March 2019

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

Note 23: Borrowings (other than debt securities) (Contd......)

D) Vehicle loans (Secured loans)

As at March 31, 2019

Terms of repayment	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
Tenure (from the date of Balance Sheet)	Rate of Interest			Rate of Interest			Rate of Interest		
	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Due within 3-5 years	-	-	-	5.53	-	5.53	12.37	-	12.37
Due within 2-3 years	6.39	-	6.39	6.84	-	6.84	6.29	-	6.29
Due within 1-2 years	8.22	-	8.22	6.29	-	6.29	5.78	-	5.78
Due within 1 year	7.55	-	7.55	5.78	-	5.78	5.30	-	5.30
Grand Total	**22.16**	-	**22.16**	**24.44**	-	**24.44**	**29.74**	-	**29.74**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

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

Note 24: Deposits

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortised cost:			
Deposits			
(i) public deposits	-	-	-
(ii) from banks	-	-	-
(iii) from others	19.20	-	-
Total	19.20	-	-

Note 25: Subordinated liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortised cost:			
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt	1,141.42	1,140.71	1,141.25
Subordinated debt from Banks	-	-	500.00
Subordinated bonds from others	54.46	58.84	415.53
Total	1,195.88	1,199.55	2,056.78
Subordinated liabilities in India	1,195.88	1,199.55	2,056.78
Subordinated liabilities outside India			
	1,195.88	1,199.55	2,056.78

Subordinate debt from Banks as at March 31, 2019 aggregating Rs.Nil (March 31, 2018: Rs.Nil, April 1, 2017 Rs. 500) which carries an interest rate of (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

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

Note 25: Subordinated liabilities (Contd......)

Subordinate bonds from others:

Subordinate bonds have a face value of Rs 1,000/- each. Details of rate of interest and maturity pattern from the date of the

As at March 31, 2019

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	-	-	-	-	-	-
Due within 3-4 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 2-3 years			14,852	14.85	12,463	12.46	27,315	27.31
Due within 1-2 years	6,857	6.86	10,589	10.59			17,446	17.45
Due within 1 year	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Grand Total	**7,270**	**7.27**	**29,850**	**29.85**	**18,314**	**18.31**	**55,434**	**55.43**
Effective Interest Rate Adjustment								(0.97)
Total								**54.46**

As at March 31, 2018

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 3-4 years	-	-	14,852	14.85	12,463	12.46	27,315	27.31
Due within 2-3 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 1-2 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
~~Due within 1 year~~			~~-~~	~~-~~	~~4,965~~	~~4.97~~	~~4,965~~	~~4.97~~
Grand Total	**7,270**	**7.27**	**29,850**	**29.85**	**23,279**	**23.28**	**60,399**	**60.40**
Effective Interest Rate Adjustment								(1.56)
Total								**58.84**

As at April 1, 2017

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.45
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	**7,270**	**7.27**	**173,245**	**173.25**	**237,468**	**237.47**	**417,983**	**417.98**
Effective Interest Rate Adjustment								(2.45)
Total								**415.53**

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Redeemable Non-Convertible Debentures (Unsecured) have a face value of Rs 10,00,000/- each. Details of rate of interest and

As at March 31, 2019

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	-	-	-	-	-	-
Due within 4-5 years	-	-	150	149.28	-	-	150	149.28
Due within 3-4 years	-	-	1,000	1,011.57	-	-	1,000	1,011.57
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	-	-	1,150	1,160.85	-	-	1,150	1,160.85
Less : Interest accrued included in above								(19.43)
Net Total								1,141.42

As at March 31, 2018

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	150	149.14	-	-	150	149.14
Due within 4-5 years	-	-	1,000	1,010.16	-	-	1,000	1,010.16
Due within 3-4 years	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	-	-	1,150	1,159.29	-	-	1,150	1,159.30
Less : Interest accrued included in above								(18.59)
Net Total								1,140.71

As at April 1, 2017

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,150	1,144.73	-	-	1,150	1,144.73
Due within 4-5 years	-	-	-	-	-	-	-	-
Due within 3-4 years	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Grand Total	-	-	1,150	1,144.73	-	-	1,150	1,144.73
Less : Interest accrued included in above								(3.48)
Net Total								1,141.25

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Note 26: Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued and due on borrowings	1,546.49	2,322.25	2,931.04
Unclaimed matured Non convertible debenture	28.16	12.69	11.67
Unclaimed dividend	37.61	33.75	30.90
Unclaimed matured deposits and interest accrued thereon	-	-	0.06
Unclaimed matured subordinate bonds and interest accrued thereon	10.63	12.20	153.87
Unpaid interest on Non Converible Debentures/Bond	-	-	1.91
Security Deposits	421.05	306.15	202.89
Auction Surplus	582.03	601.20	579.13
Interest payable on Securitization	410.65	98.73	4.60
Others	25.99	150.14	30.99
	3,062.61	**3,537.11**	**3,947.06**

Note 27: Provisions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Loan commitments	1.90	4.06	1.28
Employee benefits			
- Gratuity	149.43	86.47	81.36
- Provision for compensated absences	157.11	126.47	101.37
Litigation	41.18	35.71	35.49
Others (taxation)	2.95	-	-
Provision for other assets	195.10	196.91	34.30
	547.67	**449.62**	**253.80**

Movement of provisions other than employee benefits during the year

The movement in provisions during 2018-19 and 2017-18 is, as follows:

	Litigation	Other Assets	Total
	Rs. in Millions	Rs. in Millions	Rs. in Millions
At 1 April 2017	35.49	34.30	69.79
Provided /(reversed) during the year	0.22	162.61	162.83
	35.71	196.91	232.62
At 31 March 2018	35.71	196.91	232.62
Provided /(reversed) during the year	5.47	(1.81)	3.66
At 31 March 2019	**41.18**	**195.10**	**236.28**

Litigation:

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

Note 27: Provisions (Contd.....)

Loan commitment

Credit Quality of Exposure

Internal rating grade	31-Mar-19				31-Mar-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	-	-	-	-	-	-	-	-
Standard grade	180.00	-	-	180.00	475.00	-	-	475.00
Sub-standard grade	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Low risk grade	482.95	0.15	-	483.10	210.87	1.07		211.94
Non- performing								
Individually impaired	-	-	-	-	-	-	-	-
Total	662.95	0.15	0.00	663.10	685.87	1.07	0.00	686.94

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Undisbursed loans is as follows

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	685.87	1.07	-	686.94	161.88	1.47	-	163.35
New assets originated or purchased	662.95	0.15	-	663.10	685.87	1.07	-	686.94
Assets derecognised or repaid (excluding write offs)	(685.87)	(1.07)	-	(686.94)	(161.88)	(1.47)	-	(163.35)
Gross carrying amount closing balance	662.95	0.15	-	663.10	685.87	1.07	-	686.94

Reconciliation of ECL balance is given below:

	FY 2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4.00	0.06	-	4.06	0.53	0.05	-	0.58
New assets originated or purchased	1.90	0.00	-	1.90	4.00	0.06	-	4.06
Assets derecognised or repaid (excluding write offs)	(4.00)	(0.06)	-	(4.06)	(0.53)	(0.05)	-	(0.58)
ECL allowance - closing balance	1.90	0.00	-	1.90	4.00	0.06	-	4.06

Note 28: Other Non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues payable	232.00	147.54	194.96
Retention money and other sundry liabilities	665.67	394.30	91.73
Other	27.34	24.84	24.20
	925.01	566.68	310.89

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Note 29: Equity share capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
980,000,000 (31 March 2018: 980,000,000, 1 April 2017: 980,000,000) equity shares of Rs. 2/- each	1,960.00	1,960.00	1,960.00
4,00,000 (31 March 2018: 400,000, 1 April 2017: 400,000) preference shares of Rs. 100/- each	40.00	40.00	40.00
	2,000.00	2,000.00	2,000.00
Issued, subscribed and fully paid up			
842,809,857 (31 March 2018: 842,535,762, 1 April 2017: 841,899,636) equity shares of Rs. 2/- each	1,685.62	1,685.07	1,683.80
Total Issued, subscribed and fully paid up	1,685.62	1,685.07	1,683.80

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

	No. in Millios	No. in Millios
At 1 April 2017	841.89	1,683.80
Issued during the year - ESOP (refer note 42)	0.64	1.27
At 1 April 2018	842.53	1,685.07
Issued during the year - ESOP (refer note 42)	0.27	0.55
At 31 March 2019	842.80	1,685.62

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 2.20 per share (31 March 2018: Rs. 2/-, 31 March 2017: Rs. 1.50 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.

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

Particulars	31 March 2019		31 March 2018		31 March 2017	
	No. in Millions	% holding in the class	No. in Millions	% holding in the class	No. in Millions	% holding in the class
Mr. Nandakumar V P	243.67	28.91	239.37	28.41	237.57	28.77
Ms. Sushama Nandakumar	48.00	5.70	48.00	5.70	48.00	5.70
Baring India Private Equity Fund III	47.62	5.65	47.62	5.66	47.62	5.66
Quinag Acquisition (FPI) Ltd	83.79	9.94	57.79	6.86	-	-

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve	-	-	614.56

In addition, the Company has issued 1,602,720 equity shares (31 March 2018: 1,328,626, 1 April 2017: 746,500) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 42

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

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Notes to Consolidated Financial Statements for the year ended 31 March 2019
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Note 30: Other equity

Securities premium	
At 1 April 2017	13,719.43
Add: Additions on ESOPs exercised	50.96
At 31 March 2018	13,770.39
Add: Additions on ESOPs exercised	23.15
At 31 March 2019	13,793.54
Share option outstanding account	
At 1 April 2017	141.23
Add: Other Additions/ Deductions during the year	97.59
At 31 March 2018	238.82
Add: Other Additions/ Deductions during the year	37.35
At 31 March 2019	276.17
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 and Section 29C of NHB Act, 1987	
At 1 April 2017	5,904.81
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,400.34
At 31 March 2018	7,305.15
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,846.63
At 31 March 2019	9,151.78
Debenture redemption reserve	
At 1 April 2017	821.21
Less: Transfer to statement of profit and loss on account of revised guidelines	(676.68)
At 31 March 2018	144.53
Add: Amount transferred from surplus in the Statement of Profit and Loss	970.80
At 31 March 2019	1,115.33
General reserve	
At 1 April 2017	3,885.08
Add: Other Additions/ Deductions during the year	-
At 31 March 2018	3,885.08
Add: Other Additions/ Deductions during the year	(258.06)
At 31 March 2019	3,627.02
Hedging reserve	
At 1 April 2017	(15.01)
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	10.13
At 31 March 2018	(4.88)
Add/(Less): Effect of foreign exchange rate variations in Hedging instruments	2.67
At 31 March 2019	(2.21)
Retained earnings	
At 1 April 2017	7,442.19
Add: Profit for the year	6,759.72
Add/Less: Appropriations	
Utilised during the year	(385.60)
Interim dividend on equity shares including tax thereon	(2,026.75)
Transfer to Statutory Reserve	(723.66)
At 31 March 2018	11,065.90
Add: Profit for the year	9,294.85
Add/Less: Appropriations	

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Transferred during the year	188.90
Effect of dividend on equity shares including tax thereon	(2,184.18)
Transfer to Statutory Reserve	(2,817.43)
At 31 March 2019	15,548.03
Other comprehensive income	
At 1 April 2017	-
Movements during the year	(7.71)
At 31 March 2018	(7.71)
Movements during the year	(25.28)
At 31 March 2019	(32.99)
Capital redemption reserve	
At 1 April 2017	50.00
Add: Other Additions/ Deductions during the year	-
At 31 March 2018	50.00
Add: Other Additions/ Deductions during the year	-
At 31 March 2019	50.00
Capital reserve	
At 1 April 2017	-
Add: Other Additions/ Deductions during the year	-
At 31 March 2018	-
Capital reserve	2.45
At 31 March 2019	2.45
Total other equity	
At 1 April 2017	31,948.94
At 31 March 2018	36,447.28
At 31 March 2019	43,560.92
Total Reserves and Surplus	

Nature and purpose of Reserves

Statutory reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934): Section 45IC of Reserve Bank of India Act, 1934 defines that every Non Banking Financial institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has transferred an amount of Rs. 1840.53 (2018 - Rs.1400.34) to Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934

Statutory reserve (Pursuant to section 29C of the NHB Act, 1987 & Section 36(1)(viii) of Income Tax Act, 1961): Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 6.10 (2018 - Nil) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

Securities premium: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

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Hedge Reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 51. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedge reserve. Amounts recognised in the hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Debenture Redemption Reserve: (1)Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date

(2) In respect of the debentures issued through public issue, the Group has created DRR of Rs.1,115.33 Millions (31 March 2018 Rs. 144.53 Millions, 1 April 2017 Rs. 821.21 Millions). The Group subsequent to the year end has deposited a sum of Rs. 160.49 Millions (31 March 2018: Rs. 2.62 Millions, 1 April 2017: Rs. 291.20 Millions) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2019.

General Reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share option outstanding account (ESOP reserve): The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 38 for further details of these plans.

Other comprehensive income: Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.

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

Note 31: Revenue from operations

Note 31 (i): Interest income

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
On financial assets measured at amortised cost:		
Interest on loans		
- Gold loans	31,287.84	27,776.53
- Property loans	685.66	546.85
- Commercial vehicles	1,458.15	696.55
- Onlending	741.64	293.70
- Microfinance loans	4,982.98	3,870.23
- SME loans	4.36	6.35
Interest on deposits with banks	230.08	120.62
Other interest income	685.09	222.72
Interest income from investments	44.76	5.95
Total	**40,120.56**	**33,539.50**

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

Note 31 (ii): Fees and commission income

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Processing fees	382.70	271.54
Foreign exchange commission	1.09	3.46
Money transfer commission	71.23	69.32
Brokerage and commission	111.38	48.71
Documentation fees	270.65	200.48
Total	**837.05**	**593.51**

Note 31 (iii): Net gain on fair value changes

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	0.21	3.77
- Derivatives	-	1.87
Total Net gain on fair value changes (A)	0.21	5.64
Fair value changes:		
- Realised	0.21	5.64
- Unrealised	-	-
Total Net gain on fair value changes (B)	**0.21**	**5.64**

Note 31 (iv): Other operating income

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Bad debt recovered	136.34	33.33
Foreclosure charges	9.32	10.93
Others	8.94	5.10
Total	**154.60**	**49.36**

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Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2019 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Revenue by products / services		
Interest income	40,120.56	33,539.50
Fees and commission	837.05	593.51
Others	205.57	74.59
Total Revenue from operations*	**41,163.18**	**34,207.60**

* The revenue from operations is earned in India.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

Note 32: Other Income

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Net gain on derecognition of property, plant and equipment	6.31	3.07
Provisions no longer required written back	16.05	29.40
Others	602.82	551.82
Total	**625.18**	**584.29**

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Note 33: Finance costs

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
On financial liabilities measured at amortised cost:		
Interest on debt securities	5,589.18	5,098.31
Interest on borrowings	7,302.13	4,888.07
Interest on subordinated liabilities	11.93	29.34
Other interest expense	227.85	239.75
Other borrowing costs	63.31	49.00
Total	13,194.40	10,304.47

Note 34: Fees and commission expense

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
On financial liabilities measured at amortised cost:		
Commission paid	195.78	126.67
Total	**195.78**	**126.67**

Note 35: Impairment on financial instruments

The below table show impairment loss on financial instruments charges to statement of profit and loss based on category of financial instrument.

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
On financial instruments measured at amortised cost:		
Loans	447.15	1,773.37
Investments	7.94	(0.21)
Assets held for sale	5.84	-
Total	**460.93**	**1,773.16**

Note 36: Employee benefits expense

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Salaries and wages	6,461.98	5,431.54
Contribution to provident and other funds	493.09	537.37
Share based payments to employees	37.33	97.61
Staff welfare expenses	208.72	194.23
Total	**7,201.12**	**6,260.75**

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Note 17: Depreciation and amortisation

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Depriciation of tangible assets	710.66	665.08
Amortization of intangible assets	41.68	17.51
Total	752.34	682.59

Note 18: Other expenses

Particulars	For year ended 31 March, 2019	For year ended 31 March, 2018
Rent	1,423.29	1,278.60
Energy costs	231.76	212.91
Repairs and maintenance	-	-
-Vehicles	5.36	5.19
- Others	263.08	163.93
Rates and taxes	34.33	41.85
Printing and stationery	144.62	138.26
Travelling and conveyance	471.02	352.77
Advertising and publicity	399.56	272.91
Directors' fees, allowances and expenses	15.92	9.99
Auditors fees & Expenses (refer note (i) below)	21.20	10.82
Insurance	149.87	135.02
Communication expenses	492.24	337.94
Legal and professional charges	229.60	126.66
CSR expenses (refer note (ii) below)	179.61	110.02
Other expenditure	140.13	96.03
IT support	464.59	322.53
Security charges	1,044.68	1,659.81
Total	5,710.86	5,275.24

Note (i)

Payment to Auditors	2018-19	2017-18
As auditors:		
Statutory audit fee	8.39	6.78
Limited reviews	5.59	1.60
Other statutory attest services	6.60	1.90
Reimbursement of expenses	0.62	0.54
Total	21.20	10.82

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Note (ii) Details of CSR expenditure

Particulars	For the year ended March 31, 2019	For the year ended 31 March 2018
a) Gross Amount required to be spent by the Company during the year	184.67	145.03

a) Amount spent during the year ending on 31 March 2019	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	179.61	-	179.61

b) Amount spent during the year ending on 31 March 2018	In Cash	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	110.02	-	110.02

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(All amounts are in ₹ lakhs unless otherwise stated)

Note [illegible]: Income tax

The components of income tax expense for the years ended 31 March 2019 and 2018 are:

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	4,865.79	3,765.30
Adjustment in respect of current income tax of prior years	(112.62)	(16.77)
Deferred tax relating to origination and reversal of temporary differences	224.91	(139.25)
Total tax charge	**4,978.08**	**3,609.28**
Current tax	4,753.17	3,748.54
Deferred tax	224.91	(139.25)

Reconciliation of income tax expense:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax as per Ind AS	14,272.93	10,369.01
Add/(Less) : Ind AS adjustments on PBT	-	(198.89)
Accounting profit before tax for IT computation	14,272.93	10,170.12
Allowances / disallowances (Net)	(340.81)	399.36
Adjusted profit / (loss) before tax for income tax	13,932.12	10,569.48
Current tax as per books (Effective rate of Tax)	4,863.69	3,768.40
Adjustment of prior year tax and MAT Credit	(110.52)	(19.88)
Total tax as given in books	4,753.17	3,748.54
All India Statutory income tax rate of 34.94% (2018 - 34.61%)	4,863.69	3,768.40

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets 31 March 2019	Deferred Tax Liabilities 31 March 2019	Income Statement 2018-19	OCI 2018-19	Others 2018-19
Provisions	88.57	-	(16.94)	-	-
Depreciation	324.08	-	(36.86)	-	-
Impairment allowance for financial assets	347.23	-	188.48	-	-
Remeasurement gain / (loss) on defined benefit plan	51.78	-	(6.04)	(13.79)	-
Derivative instruments in Cash flow hedge relationship	-	(0.77)	5.21	-	-
Debt instrument measured at Amortised cost	-	(35.29)	34.30	-	-
Financial assets measured at Amortised cost	11.51	-	(7.06)	-	-
On acquisition of Subsidiary on consolidation (Refer Note 59)	1.40	-	-	-	1.40
Other temporary differences	100.04	-	63.82	-	-
Total	924.61	(36.06)	224.91	-13.79	1.40
Net Deferred tax asset as at 31 March 2019	888.55				

Particulars	Deferred Tax Assets 31 March 2018	Deferred Tax Liabilities 31 March 2018	Income Statement 2017-18	OCI 2017-18
Provisions	72.63	-	(11.05)	-
Depreciation	286.37	-	(58.84)	-
Impairment allowance for financial assets	535.71	-	50.89	-
Remeasurement gain / (loss) on defined benefit plan	30.48	-	(0.69)	3.87
Derivative instruments in Cash flow hedge relationship	4.44	-	4.15	-
Debt instrument measured at Amortised cost	-	(0.99)	(9.51)	-
Financial assets measured at Amortised cost	4.45	-	(1.10)	-
Other temporary differences	165.16	-	(113.10)	-
Total	1,099.24	(0.99)	(139.25)	3.87
Net Deferred tax asset as at 31 March 2019	1,098.25			

Particulars	Deferred Tax Assets 1 April 2017	Deferred Tax Liabilities 1 April 2017
Provisions	62.79	-
Depreciation	227.53	-
Impairment allowance for financial assets	586.60	-
Remeasurement gain / (loss) on defined benefit plan	24.75	-
Derivative instruments in Cash flow hedge relationship	8.59	-
Debt instrument measured at Amortised cost	-	(10.50)
Financial assets measured at Amortised cost	3.35	-
Other temporary differences	52.07	-
Total	965.65	(10.50)
Net Deferred tax asset as at 31 March 2019	955.15	

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

Note 40: Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net profit for calculation of basic Earnings Per Share	9,294.85	6,759.72
Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	**842,682,834**	**841,979,390**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	1,205,031	1,909,241
Weighted average number of equity shares in calculating diluted Earnings Per Share (Nos.)	**843,887,865**	**843,888,631**
Basic Earnings Per Share (Rs.)	11.03	8.03
Diluted Earnings Per Share (Rs.)	11.01	8.01

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Note 41: Investment in subsidiaries

The consolidated financial statements include the financial statements of Group and its subsidiaries. Group does not have any joint ventures or associates. Manappuram Finance Limited is the ultimate parent of the Group.
Significant subsidiaries of Group are:

Name of subsidiary	Country of incorporation	% equity interest 31 March 2019	% equity interest 31 March 2018	% equity interest 31 March 2017
Manappuram Home Finance Limited	India	100%	100%	100%
Manappuram Insurance Brokers Limited	India	100%	100%	100%
Asirvad Microfinance Limited	India	93.33%	90.39%	90.38%
Manappuram Comptech and Consultants Limited	India	81.07%	NA	NA

Ashirvad Microfinance Limited is the only significant subsidiary of Group that has a material non-controlling interest (2019: 6.67%, 2018: 9.61%, 2017: 9.62%). The following table summarises key information relevant to Asirvad Microfinance Limited

	31 March 2019	31 March 2018	31 March 2017
Loans to customers & Staff	23,231.57	20,351.47	16,284.01
Other assets	7,642.21	3,590.98	2,270.62
Trade Payables	165.61	103.59	83.51
Other liabilities	22,883.60	21,051.55	16,147.24
Net assets	7,824.57	2,787.31	2,323.88
Accumulated non-controlling interests of the subsidiary	521.90	267.86	223.56
Net interest margin	3,060.92	2,024.83	
Profit after tax	1,325.83	(92.85)	
Profit allocated to non-controlling interest	88.43	(8.92)	
Dividends paid to non-controlling interests	-	-	

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Note 42: Employee Stock Option Scheme (ESOS)

Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	17 August 2009
Number of options approved	1,000,000
Date of grant	17 August 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 16 August 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in year 2010, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to 33.12 per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the year 2011, the exercise price has been adjusted to 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

The Company has re-issued the lapsed options, pursuant to the approval of the Nomination Compensation and Corporate Governance Committee. The Company has granted 1,191,000 options at an exercise price of 31.25 on 03 November 2014 which will vest over a period of two years from the grant date (50% of the eligible share on 03 November 2015 and balance 50% of the eligible share on 03 November 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

Board at its meeting held on 10 August 2017 has canceled the ESOS 2009 and 448500 lapsed options under ESOS 2009 based on the recommendation of the Nomination Compensation and Corporate Governance Committee with effect from 10 August 2017 and the same has been intimated to the stock exchanges.

The summary of the movements in options is given below:

Particulars	31 March 2019	31 March 2018	31 March 2017
Options outstanding, beginning of year	-	50,000	875,000
Options exercised during the year	-	-50,000	-692,500
Options lapsed during the year	-	-	-132,500
Options outstanding, end of year	-	-	50,000
Options outstanding at the yearend comprise of :			
- Options eligible for exercise at year end	-	-	50,000
- Options not eligible for exercise at year end	-	-	-

Particulars	31 March 2019	31 March 2018	31 March 2017
Weighted average remaining contract life of options	-	-	-
weighted average market price at the exercise date	-	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

	Vesting I 16 August 2010 50%	Vesting II 16 August 2011 50%
Option fair value (pre-split and bonus at a face value of Rs.10/- per share)	142.43	157.92
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of Rs.10/-)	331.15	331.15

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

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Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of shareholders' approval	05 July 2016
Number of options approved	25,236,214
Date of grant	08 August 2016
Date of in principle Approval	In principle approval of the BSE was obtained on 20 December 2016 and NSE on 28 December 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13750466 options at an exercise price of 86.45 on 08 August 2016 which will vest over a period of three years from the grant date (08 August 2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

The summary of the movements in options is given below:

Particulars	**31 March 2019**	**31 March 2018**	**31 March 2017**
Options outstanding, beginning of year	10,060,943	11,817,829	-
Options granted during the year		-	13,750,466
Lapsed Options restored during the year	250,000	1,089,589	-
Options lapsed during the year	-1,266,463	-2,260,349	-1,932,637
Options Exercised during the year	-274,095	-586,126	-
Options unvested and Outstanding at the End of the Year	8,770,385	10,060,943	11,817,829

Particulars	**31 March 2019**	**31 March 2018**	**31 March 2017**
Weighted average remaining contract life of options	-	-	-
weighted average market price at the exercise date	-	-	-

	Vesting I **8 August 2017** **30%**	**Vesting II** **8 August 2018** **30%**	**Vesting III** **8 August 2019** **40%**
Fair Value per vest (Rs.)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of Rs. 10/-)	86.45	86.45	86.45

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

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

Note 43: Retirement benefit plan

Defined Contribution Plan

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized Rs. 349.46 (31 March 2018: Rs.414.19, 1 April 2017: Rs. 329.39) for Provident Fund contributions and Rs. 170.37 (31 March 2018: Rs. 161.48, 1 April 2017: Rs. 86.02) for Employee State Insurance Scheme contributions in the Statement of Profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net employee benefit expense recognised in the statement of profit and loss

Components of employer expense	**31-Mar-19**	**31-Mar-18**
Current service cost	138.81	114.79
Past Service Cost	-	6.40
Net Interest on net defined benefit liability/ (asset)	4.82	2.00
Total employer expense	143.63	123.18

Net employee benefit expense recognised in the Other Comprehensive Income

Movement in Other Comprehensive Income (OCI)	**31-Mar-19**	**31-Mar-18**
Actuarial (Loss)/Gain from changes in financial assumptions	(7.70)	11.81
Actuarial (Loss)/Gain from experience over the past year	(26.21)	(16.50)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	(5.16)	(6.89)
Balance at end of year (Loss)/Gain	(39.07)	(11.58)

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Experience adjustments

Particulars	31-Mar-19	31-Mar-18	31-Mar-17
Defined benefit obligation	(546.77)	(431.94)	(363.53)
Fair Value of plan assets	512.84	412.82	324.12
Asset/(liability) recognized in the balance sheet	(142.17)	(83.58)	(76.22)
Experience adjustments on plan liabilities (Gain) / Loss	29.97	21.25	(7.85)
Experience adjustments on plan assets Gain / (Loss)	(5.19)	(6.64)	(1.74)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31-Mar-19	31-Mar-18
Opening defined benefit obligation	499.30	405.37
Transfer in/Out	0.31	(0.00)
Interest cost	36.48	28.05
Current service cost	138.81	114.79
Benefits paid	(55.23)	(59.20)
Past Service Cost	-	6.40
Actuarial loss / (gain) on obligation	34.20	3.89
On acquisition of Subsidiary	8.40	-
Closing defined benefit obligation	**662.27**	**499.30**

Changes in the fair value of plan assets are as follows:

Particulars	31-Mar-19	31-Mar-18
Opening fair value of plan assets	412.82	324.13
Transfer in/Out	0.31	(0.00)
Expected return	31.66	26.06
Contributions by employer	121.34	128.79
Benefits paid	(55.23)	(59.20)
Actuarial gains / (losses)	(5.49)	(6.96)
On acquisition of Subsidiary	7.43	-
Closing fair value of plan assets	**512.84**	**412.82**
Expected contribution to fund to be made in the next year	106.47	101.40

~~The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:~~

A) **Holding Company**

Manappuram Finance Limited

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Discount rate	7.10%	7.30%	6.90%
Salary Growth rate	8.00%	8.00%	8.00%
Attrition rate	15.00%	15.00%	15.00%
Expected rate of return on assets	7.30%	6.90%	7.50%

B) **Subsidiary Companies**

(i) **Asirvad Microfinance Limited**

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Discount rate	7.50%	7.67%	7.67%
Salary Growth rate	10.00%	10.00%	10.00%
Attrition rate	16.00%	16.00%	16.00%

(ii) **Manappuram Home Finance Limited**

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Salary Escalation	8.00%	8.00%	8.00%
Discount rate	6.70%	6.90%	6.30%
Attrition rate			
- Managerial grade and above	15.00%	15.00%	15.00%
- Below managerial grade	50.00%	50.00%	50.00%
Expected rate of return on assets	6.90%	6.30%	6.30%

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(iii) Manappuram Insurance Brokers Limited

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Discount rate	6.90%	7.10%	6.60%
Attrition rate	20.00%	20.00%	20.00%
Salary increase rate	8.00%	8.00%	8.00%
Expected Return on Plan Assets	7.10%	6.60%	8.00%

(iv) Manappuram Comptech and Consultants Limited

Particulars	31-Mar-19	31-Mar-18
Discount rate	7.60%	7.70%
Salary Growth rate	6.00%	6.00%

Percentage Break-down of Total Plan Assets

A) Holding Company

Manappuram Finance Limited

Particulars	31-Mar-19	31-Mar-18
Investment Funds with Insurance Company	99.70%	99.00%
Of which, Unit Linked	*40.00%*	*45.00%*
Of which, Traditional/ Non-Unit Linked	*59.70%*	*54.00%*
Cash and cash equivalents	0.30%	1.00%
Total	**100%**	**100%**

B) Subsidiary Companies

(i) Asirvad Microfinance Limited

	31-Mar-19	31-Mar-18
Investment Funds with Insurance Company	100%	100%
Total	**100%**	**100%**

(ii) Manappuram Home Finance Limited

	31-Mar-19	31-Mar-18
Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	0%	0%
Of which, Traditional/ Non-Unit Linked	100%	100%
Total	**100%**	**100%**

(iii) Manappuram Insurance Brokers Limited

	31-Mar-19	31-Mar-18
Investment Funds with Insurance Company	100%	100%
Total	**100%**	**100%**

Sensitivity Analysis

A) Holding Company

Manappuram Finance Limited

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(37.91)	42.97	42.18	(37.94)

	31-Mar-18		31-Mar-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(28.00)	31.57	31.05	(28.07)

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II) Subsidiary Companies

(i) Asirvad Microfinance Limited

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(1.32)	1.40	1.36	(1.29)

	31-Mar-18		31-Mar-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	(0.90)	0.96	0.93	(0.88)

(ii) Manappuram Home Finance Limited

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.44)	0.49	0.48	(0.44)

	31-Mar-18		31-Mar-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.30)	0.33	0.32	(0.30)

(iii) Manappuram Insurance Brokers Limited

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.14)	0.15	0.15	(0.14)

	31-Mar-18		31-Mar-18	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.11)	0.12	0.11	(0.11)

(iv) Manappuram Comptech and Consultants Limited

	31-Mar-19		31-Mar-19	
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
Impact on defined benefit obligation	8.10	(8.72)	10.36	(6.73)

The fund is administered by Life Insurance Corporation of India ("LIC") and Kotak Life Insurance. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The principal assumptions used in determining leave encashment obligations for the Group's plans are shown below:

A) Holding Company
Manappuram Finance Limited

Particulars	31-Mar-19 %	31-Mar-18 %	01-Apr-17 %
Discount rate	7.10%	7.30%	6.90%
Attrition rate	15%	15%	15%
Salary escalation	8%	8%	8%

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B) Subsidiary Companies

(i) Asirvad Microfinance Limited

Particulars	31-Mar-19 %	31-Mar-18 %	01-Apr-17 %
Discount Rate	7.35%	7.60%	6.75%
Salary escalation	10%	10%	10%
Attrition Rate	16%	16%	16%

(ii) Manappuram Home Finance Limited

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Discount rate	6.70%	6.90%	6.30%
Salary Escalation	8%	8%	8%
Attrition rate			
- Managerial grade and above	15%	15%	15%
- Below managerial grade	50%	50%	50%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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Note 44: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31-Mar-19			31-Mar-18			01-Apr-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	8,403.80	-	8,403.80	4,842.82	-	4,842.82	3,725.96	-	3,725.96
Bank Balance other than above	3,238.15	-	3,238.15	2,398.43	-	2,398.43	2,166.93	-	2,166.93
Derivative financial instruments	32.31	-	32.31	-	-	-	-	-	-
Trade Receivables	27.13	-	27.13	10.88		10.88	3.62	-	3.62
Loans	149,897.10	28,222.05	178,119.15	138,510.13	13,928.52	152,438.65	125,913.15	8,143.49	134,056.64
Investments	-	1,737.55	1,737.55	49.25	-	49.25	49.03	-	49.03
Other Financial assets	4,308.20	1,708.63	6,016.83	3,203.09	1,366.36	4,569.45	3,101.35	2,244.67	5,346.02
Non-financial Assets									
Current tax asset	-	1,694.05	1,694.05	-	1,057.71	1,057.71	-	917.43	917.43
Deferred tax assets (net)	-	888.55	888.55	-	1,098.25	1,098.25	-	955.15	955.15
Investment Property	-	0.86	0.86	-	0.86	0.86	-	0.86	0.86
Property, plant and equipment	-	3,124.73	3,124.73	-	2,686.56	2,686.56	-	1,831.20	1,831.20
Capital work-in-progress	-	8.90	8.90	-	1.47	1.47	-	6.28	6.28
Goodwill	-	355.65	355.65	-	355.65	355.65	-	355.65	355.65
Other intangible assets	-	184.66	184.66	-	56.90	56.90	-	31.10	31.10
Other non financial assets	-	707.71	707.71	-	729.22	729.22	-	385.74	385.74
Total assets	**165,906.69**	**38,633.34**	**204,540.03**	**149,014.60**	**21,281.50**	**170,296.11**	**134,960.04**	**14,871.57**	**149,831.61**
Liabilities									
Financial Liabilities									
Derivative financial liabilities	-	-	-	66.62	-	66.62	461.43	-	461.43
Trade Payables	1,326.56	-	1,326.56	1,181.55	-	1,181.55	1,146.57	-	1,146.57
Debt Securities	42,685.75	13,300.78	55,986.53	40,420.12	13,875.32	54,295.44	26,818.04	21,517.75	48,335.79
Borrowings (other than debt security)	80,470.82	15,300.02	95,770.84	58,097.09	12,478.48	70,575.57	50,456.07	9,018.47	59,474.54
Deposits	19.20	-	19.20	-	-	-	-	-	-
Subordinated Liabilities	5.67	1,190.21	1,195.88	3.40	1,196.15	1,199.55	851.53	1,205.25	2,056.78
Other Financial liabilities	3,062.61	-	3,062.61	3,537.11	-	3,537.11	3,947.06	-	3,947.06
Non-financial Liabilities									
Provisions	547.67	-	547.67	449.62	-	449.62	253.80	-	253.80
Other non-financial liabilities	925.01	-	925.01	566.68	-	566.68	310.89	-	310.89
Total Liabilities	129,043.29	29,791.01	158,834.30	104,322.19	27,549.95	131,872.14	84,245.39	31,741.47	115,986.86
Net	36,863.40	8,842.33	45,705.73	44,692.41	(6,268.44)	38,423.97	50,714.65	(16,869.90)	33,844.75

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

Note 45: Change in liabilities arising from financing activities

Changes in liabilities arising from financing activities

Particulars	1 April 2018	Cash Flows	Other	As at 31 March 2019
Debt Securities	54,295.44	1,799.54	(108.45)	55,986.53
Borrowings other than debt securities	70,575.57	25,204.34	(9.07)	95,770.84
Subordinated Liabilities	1,199.55	(3.41)	(0.26)	1,195.88
Total liabilities from financing activities	**126,070.56**	**27,000.47**	**(117.78)**	**152,953.25**

Particulars	1 April 2017	Cash Flows	Other	As at 31 March 2018
Debt Securities	48,335.79	5,976.34	(16.69)	54,295.44
Borrowings other than debt securities	59,474.55	11,117.29	(16.27)	70,575.57
Subordinated Liabilities	2,056.78	(855.13)	(2.10)	1,199.55
Total liabilities from financing activities	**109,867.12**	**16,238.50**	**(35.06)**	**126,070.56**

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Note [illegible] Contingent liabilities, commitments and leasing arrangements

(A) 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 Group 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.

Particulars	As at 31 March 2019	As at 31 March 2018
i) Income Tax Demand under Appeal before The Commissioner of Income Tax (Appeals) for the Assessment Year 2012-13 to 2016-17	1,595.93	894.35
ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 (Excluding Penalty and Interest, if any)	49.94	49.80
iii) Andhra Pradesh Value Added Tax demand under appeal pending before the Deputy Commissioner for the Assessment Year 2011-12	0.00	1.68
iv) Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09 (Excluding Penalty and Interest, if any)	0.94	0.93
Total	1,646.81	946.82

b) The Group has some labour cases pending against it in various courts and with labour Commissioners of various States. The Group's liability for these cases are not disclosed since actual liability to be provided is unascertainable.

(B) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is 171.33 Million (31 March 2018: Rs. 100.04, 1 April 2017 - Rs. 83.87).

(ii) The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an total expense of Rs. 2,700.

(C) Lease Disclosures

Operating Lease :

The Group has operating lease arrangements primarily for office spaces, the lease term of which are different for each Company in the Group

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Lease payments due:-			
Not later than one year	33.37	23.73	14.37
Later than one year but not greater than five years	77.13	33.04	16.46
More than five years	22.03	4.06	-
	132.53	60.83	30.83

Finance Leases:

The Group has finance leases for Computers and 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:

i) Computers

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Total minimum lease payments at the year end	91.45	145.77	68.08
Less: amount representing finance charges	6.75	14.23	7.25
Present value of minimum lease payments	84.71	131.54	60.83
Lease payments for the year	62.51	37.54	33.5
Minimum lease Payments:			
Not less than one year [Present value as on 31 March 2019: Rs. 62.32, Present value as on 31 March 2018: Rs. 75.32, as on 1 April 2017: RS. 44.93]]	68.56	85.27	50.79
Later than one year but not later than five years[Present value s on March 31, 2019: 22.08, as on March 31 ,2018: Rs. 56.21, as on 31 March 2017: Rs. 15.90]]	22.89	60.5	17.29

ii) Vehicles

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Total minimum lease payments at the year end	0.90	10.55	10.62
Less: amount representing finance charges	0.07	0.99	1.35
Present value of minimum lease payments	0.83	9.56	9.27
Minimum lease Payments:			
Not less than one year	0.90	5.69	4.05
Later than one year but not later than five years	-	4.86	6.57

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Note 47: Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest

Name of the entity in the Group	Net Assets, i.e. total assets minus total liabilities		Share in profit and loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Total comprehensive income	Amount
Manappuram Finance Limited	96.10%	43,921.61	85.04%	7,904.56	109.90%	(27.78)	84.97%	7,876.78
Subsidiaries								
Manappuram Home Finance Limited	-0.29%	(133.70)	0.33%	30.21	-1.22%	0.31	1.33%	30.57
Manappuram Insurance Brokers Limited	0.12%	55.13	0.37%	34.24	-0.26%	0.07	0.37%	34.31
Asirvad Microfinance Limited	3.11%	1,419.50	13.50%	1,255.09	-7.97%	2.01	13.56%	1,257.10
Manappuram Comptech And Consultants Limited	-0.04%	(16.00)	0.00%	-	0.00%	-	0.00%	
Non Controling interest in subsidiary	1.00%	459.19	0.76%	70.75	-0.45%	0.11	0.76%	70.86
Total	100.00%	45,705.73	100.00%	9,294.85	100.00%	-25.28	100.00%	9,269.57

Note 48: Related party disclosures

Relationship	Name of the party
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Health Care Limited
	Manappuram Construction and Properties Limited
	Manappuram Chit Funds Company Private Limited
	MABEN Nidhi Limited
	Manappuram Asset Finance Limited
	Manappuram Chits (Karnataka) Private Limited
	Manappuram Chits India Limited
	Adlux Medicity and Convention Centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels
	Manappuram Chits
Key Management Personnel	Mr. V P Nandakumar - Managing Director & CEO
	Mr. B.N Raveendra Babu - Executive Director
	Mr. Kapil Krishan - Former Chief Financial Officer
	Mr.Ramesh Periasamy - Former Company Secretary
	Mrs. Bindhu AL - Chief Financial Officer
	Mr. Manoj Kumar VR - Company Secretary
Relatives of Key Management Personnel	Mrs. Sushama Nandakumar (wife of Mr. V P Nandakumar)
	Mr. Sooraj Nandan (son of Mr. V P Nandakumar)
	Mrs Sumitha Jayshankar(daughter of Mr. V P Nandakumar)
	Mr. Suhas Nandan (son of Mr. V P Nandakumar)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)

* No transactions with these related parties

Related Party Transactions during the year

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	-	-	0.67	0.80	0.80
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	0.80	0.40
Ms. Biji Babu	-	-	-	-	-	-	-	-	0.40
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	0.67		
Interest expense	-	-	-	-	-	-	0.23	0.15	0.51
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	-	0.29
Ms. Biji Babu	-	-	-	-	-	-	-	-	0.09
Mrs. Shelly Ekalavyan	-	-		-			0.23	0.15	0.13
Commission to Directors	-	-	-	55.50	42.50	30.00	-	-	-
Mr. V.P.Nandakumar	-			50.00	37.50	25.00	-	-	-
Mr. Raveendra Babu	-	-	-	5.50	5.00	5.00	-	-	-
Remuneration to Directors	-	-	-	85.33	64.69	67.03	-	-	-
Mr. V.P.Nandakumar	-	-	-	73.70	53.77	56.71	-	-	-
Mr. Raveendra Babu	-	-	-	11.63	10.92	10.32	-	-	-
Remuneration to other KMPs	-	-	-	7.21	12.68	10.69	-	-	-
Mr. Kapil Krishan	-	-	-	2.19	9.72	8.09	-	-	-
Ms. Bindu A.L.	-	-	-	1.63	-	-	-	-	-
Mr. Ramesh Periasamy	-	-	-	7.67	2.96	2.60	-	-	-
Mr. Manoj Kumar V R	-	-	-	0.77	-	-	-	-	-
Remuneration paid to Relative of KMP	-	-	-	-	-	-	5.26	13.85	12.23
Mr. Sooraj Nandan	-	-	-	-	-	-	0.81	5.28	4.06
Mrs. Sumita Jayshankar	-	-	-	-	-	-	3.06	7.32	6.95
Mr. Suhas Nandan	-	-	-	-	-	-	1.39	1.25	1.22
Reimbursement of Travelling expense	-	-	-	0.63	1.98	-	-	-	-
Mr. V.P.Nandakumar	-	-	-	0.44	1.83	-	-	-	-
Mr. Raveendra Babu	-	-	-	0.19	0.15	-	-	-	-
Donation made	-	-	-	-	-	-	-	-	-
Manappuram Foundation	158.57	101.10	104.80	-	-	-	-	-	-
Rent Paid	3.46	1.24	0.75	-	0.36	0.33	0.16	0.34	0.39
Mr. V.P.Nandakumar	-	-	-	-	0.36	0.33	-	-	-
Mr. Suhas Nandan	-	-	-	-	-	-	0.16	0.14	0.20
Mrs Sumitha Jayshankar	-	-	-	-	-	-	-	0.12	0.12
Mr. Sooraj Nandan	-	-	-	-	-	-	-	0.08	0.07
Manappuram Agro Farms Limited	3.46	1.24	0.75	-	-	-	-	-	-
Reimbursement of Rent & Expenses	5.70	1.90	0.35	-	-	-	-	-	-
Manappuram Foundation	5.70	1.90	0.35	-	-	-	-	-	-
Other income	-	0.10	0.13	-	-	-	-	-	-
Manappuram Foundation	-	0.10	0.13	-	-	-	-	-	-
Rent Received	5.28	1.30	1.20	-	-	-	-	-	-
Manappuram Jewellers Limited	0.47	0.48	0.50	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.08	0.14	0.19	-	-	-	-	-	-
Manappuram Foundation	4.73	0.68	0.51	-	-	-	-	-	-

HASKINS & SELLS CHARTERED ACCOUNTANTS

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Electricity Charge Received	0.91	0.85	1.07	-	-	-	-	-	-
Manappuram Jewellers Limited	0.76	0.73	0.95	-	-	-	-	-	-
Manappuram foundation	0.07	0.12	0.12	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.07	-	-	-	-	-	-	-	-
Rent, Electricity, telephone and printing charges Received	7.99	2.66	0.16	-	-	-	-	-	-
Manappuram foundation	7.99	2.66	0.16	-	-	-	-	-	-
Consultation Charge Paid	-	-	0.87	-	-	-	-	-	-
Manappuram Construction and Properties Limited	-	-	0.87	-	-	-	-	-	-
Construction Expenses	8.83	-	-	-	-	-	-	-	-
Manappuram Construction and Properties Limited	8.83	-	-	-	-	-	-	-	-
Security Deposit	18.59	-	-	-	-	-	-	-	-
Manappuram Foundation	0.19	-	-	-	-	-	-	-	-
Manappuram Jewellers Limited	6.00	-	-	-	-	-	-	-	-
Manappuram Agro Farms Limited	0.10	-	-	-	-	-	-	-	-
Manappuram Health Care Limited	2.20	-	-	-	-	-	-	-	-
Manappuram Chit Funds Company Private Limited	0.15	-	-	-	-	-	-	-	-
MABEN Nidhi Limited	6.00	-	-	-	-	-	-	-	-
Manappuram Asset Finance Limited	2.50	-	-	-	-	-	-	-	-
Manappuram Chits India Limited	0.15	-	-	-	-	-	-	-	-
Manappuram travels	0.10	-	-	-	-	-	-	-	-
Manappuram Chits	1.20	-	-	-	-	-	-	-	-
Sundry Receivables of Manappuram Comptech and Consultants Limited	1.25	-	-	-	-	-	-	-	-
Manappuram Health Care Limited	0.17	-	-	-	-	-	-	-	-
Manappuram Chits (Karnataka) Private Limited	1.08	-	-	-	-	-	-	-	-
Amounts payable (net) to related parties	-	-	-	32.88	27.84	20.23	-	1.18	2.65
Mr. V.P.Nandakumar	-	-	-	29.01	24.56	17.18	-	-	-
Mr. Raveendra Babu	-	-	-	3.87	3.28	3.05	-	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	-	-	-	1.60
Mrs. Shelly Ekalavyan	-	-	-	-	-	-	-	1.18	1.05

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

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

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Note 49: Fair Value Measurement

49.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

49.2 Valuation governance

The Group's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units . Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

49.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 March 2019				31 March 2018				1 April 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis												
Derivative financial instruments												
Cross Currency Swaps		32.31										
Forward Rate Agreements		-										
Total derivative financial instruments	-	32.31	-	-	-	-	-	-	-	-	-	
Financial investment held for trading												
Equity Shares			0.53				0.53				0.53	
Total financial investment held for trading	-	-	0.53	-	-	-	0.53	-	-	-	0.53	
Total assets measured at fair value on a recurring basis	-	32.31	0.53	-	-	-	0.53	-	-	-	0.53	
Assets measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	
Liabilities measured at fair value on a recurring basis												
Derivative financial instruments												
Forward contracts						-				378.84		
Cross Currency Swaps						66.62				82.59		
Total derivative financial instruments	-	-	-	-	-	66.62	-	-	-	461.43	-	
Liabilities measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	

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49.4 Valuation techniques

Equity instruments

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Group uses prices from prior transactions without adjustment to arrive at the fair value. Prior transaction represents the price at which same investment was sold in the deal transaction.

Cross Currency Swaps

Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. The Group requires significant unobservable inputs to calculate their fair value.

31-Mar-19	At 1 April 2018	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfers from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 Mar 2019	Unrealised gains and losses related to balances held at the end of the period
Investments in Equity Shares of Catholic Syrian Bank	0.03	-	-	-	-	-	-	-	-	0.03	-
Alpha Micro Finance Consultants Private Ltd	0.50	-	-	-	-	-	-	-	-	0.50	-

31-Mar-18	At 1 April 2017	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfer from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 March 2018	Unrealised gains and losses related to balances held at the end of the period
Investments in Equity Shares of Catholic Syrian Bank	0.03	-	-	-	-	-	-	-	-	0.03	-
Alpha Micro Finance Consultants Private Ltd	0.50	-	-	-	-	-	-	-	-	0.50	-

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Note 49: Fair Value Measurement (Contd....)

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's Level 3 assets and liabilities

31 March 2019	Fair value of Level 3 Assets	Fair value of Level 3 Liabilities	Value techniques	Significant unobservable inputs
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

31 March 2018	Fair value of Level 3 Assets	Fair value of Level 3 Liabilities	Value techniques	Significant unobservable inputs
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

1 April 2017	Fair value of Level 3 Assets	Fair value of Level 3 Liabilities	Value techniques	Significant unobservable inputs
Investments-				
Equity Shares of Catholic Syrian Bank	0.03	-	Prior transaction pricing	
Alpha Micro Finance Consultants Private Ltd	0.50	-	Prior transaction pricing	

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Level	Carrying Value			Fair Value		
		Mar-19	Mar-18	Apr-17	Mar-19	Mar-18	Apr-17
Financial assets							
Cash and cash equivalents	1	8,403.80	4,842.82	3,725.96	8,403.80	4,842.82	3,725.96
Bank Balance other than above	1	3,238.15	2,398.43	2,166.93	3,238.15	2,398.43	2,166.93
Receivables	3	27.13	10.88	3.62	27.13	10.88	3.62
Loans	3	178,119.15	152,438.65	134,056.64	178,119.15	152,438.65	134,056.64
Investments	3	1,737.55	49.25	49.03	1,737.55	49.25	49.03
Derivative financial instruments	2	32.31	-	-	32.31	-	-
Other Financial assets	1	4,921.18	3,714.83	3,472.72	4,921.18	3,714.83	3,472.72
Other Financial assets	2	1,064.09	854.64	1,873.31	1,064.09	854.64	1,873.31
Other Financial assets	3	31.55	-	-	31.55	-	-
Total financial assets		197,574.91	164,309.50	145,348.21	197,574.91	164,309.50	145,348.21
Financial Liabilities							
Derivative financial instruments	2	-	66.62	461.43	-	66.62	461.43
Payables	2	1,326.56	1,181.55	1,146.57	1,326.56	1,181.55	1,146.57
Debt Securities	2	55,986.53	54,295.44	48,335.79	55,986.53	54,295.44	48,335.79
Borrowings (other than debt security)	2	95,770.84	70,575.57	59,474.[illegible]	95,770.84	70,575.57	59,474.54

Deposits	2	19.20	-	-	19.20	-	-
Subordinated Liabilities	2	1,195.88	1,299.55	2,036.78	1,195.88	1,299.55	2,036.78
Other Financial liabilities	2	3,062.61	3,537.11	3,947.06	3,062.61	3,537.11	3,947.06
Total Financial Liabilities		157,361.62	130,855.84	115,422.18	157,361.62	130,855.84	115,422.18

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

Fair value of Loans estimated using a discounted cash flow model on contractual cash flows using actual/estimated yields

Borrowings

The floating rate loans are fair valued on the basis of MCLR+spread.

For fixed rate loans, the carrying values are are a reasonable approximation of their fair value.

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

Note 54: Risk Management

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risk associated with the financial assets and liabilities. The Board of Directors of the Group are responsible for the overall risk management approach, approving risk management strategies and principles. The Group have a risk management policy which covers all the risk associated with its assets and liabilities.

The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Minimize losses due to defaults or untimely payments by borrowers
- Design appropriate credit risk mitigation techniques

In order to mitigate the impact of credit risk in the future profitability, the Group makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date. Group additionaly considers the RBI prudential norms for provisioning of Assets and also recognises the additional provision in excess of (ECL) model on a conservative approach.

The below discussion describes the Group's approach for assessing impairment as stated in the significant accounting policies.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations on whether Stage 2 is appropriate.

Exposure at Default (EAD)

The outstanding balance at the reporting date is considered as EAD by the Group. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using incremental NPA approach considering fresh slippage of past 5 years. For those pools where historical information is not available, the PD default rates as stated by external reporting agencies is considered.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31 March 2019 and 31 March 2018.

A) Manappuram Finance Limited

	31 March 2019			31 March 2018		
Pools	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III
1) Gold Loan - Normal Risk	14.18%	14.18%	100.00%	18.34%	18.34%	100.00%
2) Vehicle Loan	1.24%	2.53%	100.00%	0.97%	2.03%	100.00%
3) SME Loan	5.39%	10.56%	100.00%	4.45%	14.19%	100.00%
4) PIF Loan	0.86%	-	-	-	-	-
5) Personal Loan	2.19%	-	-	-	-	-

B) Asirvad Microfinance Limited

	31 March 2019			31 March 2018		
Pools	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III
1) Micro Finance Loans	1.00%	1.00%	100.00%	1.00%	1.00%	100.00%

C) Manappuram Home Finance Limited

Pools	31 March 2019			31 March 2018		
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III
1) Construction	0.59%	7.52%	100.00%	1.11%	4.05%	100.00%
2) Ready to use House	3.09%	28.03%	100.00%	4.59%	19.74%	100.00%
3) Home Improvement	0.47%	6.01%	100.00%	0.88%	3.21%	100.00%
4) Home Extension	2.70%	6.01%	100.00%	0.88%	17.45%	100.00%
5) Balance Transfer & Top-Up	2.94%	13.06%	100.00%	1.98%	18.86%	100.00%
6) LAP	1.47%	11.24%	100.00%	1.69%	9.86%	100.00%

In the absence of historical default data, floor PD of 0.03% is assumed for all other loans, for Onlending PD is taken as per the rating of individual loans as per CRSIL study. Incase of Gold loans, incremental NPA is considered after taking into account auctions during the year since in such cases is auctioned and total dues are recovered even before the account turns NPA.

Loss Given Default

The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occured. In estimating LGD, the Group reviews macro-economic developments taking place in the economy.

A) Manappuram Finance Limited

	31 March 2019	31 March 2018
1) Gold loan - Normal Risk	0.72%	1.51%
2) Vehicle Loan	42.40%	60%
3) SME loan	50%	50%
4) Other Loans	60%	60%
5) Personel Loans	65%	-

B) Asirvad Microfinance Limited

	31 March 2019	31 March 2018
1) Micro Finance Loans	100.00%	100.00%

C) Manappuram Home Finance Limited

Portfolio	31 March 2019	31 March 2018
1) Construction	20.84%	20.06%
2) Ready to use House	20.84%	20.06%
3) Home Improvement	20.84%	20.06%
4) Home Extension	20.84%	20.06%
5) Balance Transfer & Top-Up	20.84%	20.06%
6) LAP	20.84%	20.06%

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. LGD rates for SME, Onlending and other loans is considered based on proxy FIRB rates for secured loans.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Group's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the group. It is necessary for Group to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Group to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Group.

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

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Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on 31 March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	10,505.97	13,290.90	3,848.78	42,641.34	8,896.03	11,390.41	1,673.81	2,235.76	94,483.00
Foreign Currency Term Loan	-	1,021.95	-	-	510.90	-	-	-	1,532.85
Debt Security	6,585.23	14,385.71	11,855.80	6,281.92	4,612.35	8,908.16	2,761.49	595.90	55,986.52
Subordinated Debts	0.62	0.17	0.21	3.19	1.48	43.78	5.01	-	54.46
Advances	37,552.35	36,869.22	47,844.64	14,805.62	12,825.24	22,739.30	1,628.58	3,854.20	178,119.15

Maturity pattern of assets and liabilities as on 31 March 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	4,004.91	23,775.53	19,427.76	9,439.22	3,231.24	7,919.04	1,000.94	337.35	69,136.01
Foreign Currency Term Loan	-	-	-	-	-	1,439.57	-	-	1,439.57
Debt Security	929.97	10,702.23	19,336.98	2,573.56	10,947.41	8,625.30	1,029.99	150.00	54,295.44
Subordinated Debts	-	-	-	-	3.40	23.11	32.33	-	58.84
Advances	33,809.72	33,384.43	47,709.67	10,881.94	10,118.68	11,060.22	2,544.43	2,929.56	152,438.65

Maturity pattern of assets and liabilities as on 31 March 2017:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total *
Borrowings	12,000.88	3,688.38	16,867.61	5,663.47	14,068.16	4,396.97	885.55	464.53	58,035.55
Foreign Currency Term Loan	-	-	-	-	-	1,438.99	-	-	1,438.99
Debt Security	6,649.41	16,589.21	1,147.21	845.42	2,891.02	17,347.00	1,416.52	1,450.00	48,335.79
Subordinated Debts	340.12	275.68	191.18	44.56	-	10.62	48.36	5.03	915.53
Advances	42,996.71	32,283.86	39,190.39	4,394.15	6,918.68	5,077.88	669.78	2,525.19	134,056.64

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Group is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest ratesfor different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropraitely.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

Price Risk

The Group's exposure to price risk is not material.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as use of internal audit.

Note 51 First-time Adoption of Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).
Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2017, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

1. **Business Combination** - A first-time adopter restates any business combination to comply with Ind AS 103, it shall restate all later business combinations and shall also apply Ind AS 110 from that same date. Ind AS 103 permits the net assets taken over, including contingent liabilities and intangible assets, to be recorded at fair value.

Exemption availed - A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs).

Group has acquired the Asirwad Microfinance Ltd in Feb 2015 and not restating the assets and liabilities at Fair value.

2. **Deemed cost of PPE / investment property and certain intangible assets** - An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind ASs at its fair value and use that fair value as its deemed cost at that date. Ind AS 16 further mandate that PPE should be recorded basis component accounting, Major overhaul expenses to be capitalized and other dismantling cost treatment etc.

Exemption availed - A first-time adopter to Ind ASs may elect to continue with the carrying value for all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of Transition.

Group has taken that exemption and no revaluation has been done for the PPE as on date of Transition.
3. **Investment in subsidiaries/associates/ joint ventures** - When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:
(a) at cost; or
(b) in accordance with Ind AS 109 i.e., Ind AS 109 – financial instrument at Fair Value

Exemption availed – A first-time adopter can measure such investment at cost in accordance with Ind AS 27 and Group has measures the investment at cost only for the Investment in Subsidiaries.

4. **Share-based payment transactions** - A first-time adopter is required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind ASs.

Exemption availed - A first-time adopter is encouraged, but not required, to apply Ind AS 102 to
liabilities arising from share-based payment transactions that were vested before the date of transition to Ind AS. Group has not fair valued the accounting for ESOP scheme 2009 already vested before the transition date.

Estimates:
The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> FVPTL / FVOCI – equity and debt instrument
> Impairment of financial assets based on expected credit loss model
The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

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Equity Reconciliation for 31 March 2017

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	3,725.96	-	3,725.96
Bank Balance other than above	2,166.93	-	2,166.93
Loans	134,553.76	(497.12)	134,056.64
Trade Recievables	3.62	-	3.62
Investments	39.56	9.47	49.03
Other financial assets	5,499.08	(153.06)	5,346.02
Total (A)	145,988.91	(640.71)	145,348.20
Non-financial assets			
Current tax assets (net)	917.43	-	917.43
Deferred tax assets (net)	777.15	178.00	955.15
Investment Property	0.86	-	0.86
Property, plant and equipment	1,831.20	-	1,831.20
Other Intangible assets	31.10	-	31.10
Capital work-in-progress	6.28	-	6.28
Good will	355.65	-	355.65
Other non-financial assets	311.16	74.58	385.74
Total (B)	4,230.83	252.58	4,483.41
	-	-	-
Total Assets (A+B)	150,219.74	(388.13)	149,831.61
Liabilities and equity			
Liabilities			
Financial liabilities			
Derivative financial instruments	83.97	377.46	461.43
Payables	1,146.57	-	1,146.57
Debt securities	48,382.82	(47.03)	48,335.79
Borrowings (other than debt securities)	59,458.96	15.58	59,474.54
Subordinated Liabilities	2,056.00	0.78	2,056.78
Other financial liabilities	3,947.06	-	3,947.06
Total (C)	115,075.38	346.79	115,422.17
Non-financial liabilities			
Provisions	253.21	0.59	253.80
Other non-financial liabilities	689.94	(379.05)	310.89
Total (D)	943.15	(378.46)	564.69
Total Liabilities (C+D)	116,018.53	(31.67)	115,986.86
	-	-	-
Equity Share Capital	1,683.80	-	1,683.80
Other Equity	32,305.40	(356.46)	31,948.94
Total equity	33,989.20	(356.46)	33,632.74
Non Controlling Interest	212.01	-	212.01
Total liabilities and equity	150,219.74	(388.13)	149,831.61

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Equity reconciliation for 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	4,842.82	-	4,842.82
Bank Balance other than above	2,398.43	-	2,398.43
Loans	152,639.68	(201.03)	152,438.65
Trade Receivable	10.88	-	10.88
Investments	16.76	32.49	49.25
Other financial asset	4,691.88	(122.43)	4,569.45
Total (A)	**164,600.45**	**(290.97)**	**164,309.48**
Non-financial assets			
Current tax assets (net)	1,057.71	-	1,057.71
Deferred tax assets (net)	1,039.66	58.59	1,098.25
Property, plant and equipment	2,686.56	-	2,686.56
Investment Property	0.86	-	0.86
Other Intangible assets	56.90	-	56.90
Capital work-in-progress	1.47	-	1.47
Goodwill	355.65	-	355.65
Other non-financial assets	662.32	66.90	729.22
Total (B)	**5,861.13**	**125.49**	**5,986.62**
Total Assets (A+B)	**170,461.58**	**(165.48)**	**170,296.10**
Liabilities and equity			
Liabilities			
Financial liabilities			
Derivative financial instruments	66.62	-	66.62
Payables	1,181.55	-	1,181.55
Debt securities	54,329.61	(34.17)	54,295.44
Borrowings (other than debt securities)	70,562.38	13.19	70,575.57
Subordinated liabilities	1,187.50	12.05	1,199.55
Other financial liability	3,537.11	-	3,537.11
Total (C)	**130,864.77**	**(8.93)**	**130,855.84**
Non-financial liabilities			
Provisions	462.71	(13.09)	449.62
Other non-financial liability	542.00	24.68	566.68
Total (D)	**1,004.71**	**11.59**	**1,016.30**
Total Liabilities (C+D)	**131,869.48**	**2.66**	**131,872.14**
Equity Share Capital	1,685.07	-	1,685.07
Other Equity	36,615.42	(168.14)	36,447.28
Total equity	**38,300.49**	**(168.14)**	**38,132.35**
Non Controlling Interest	291.61	-	291.61
Total liabilities and equity	**170,461.58**	**(165.48)**	**170,296.10**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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Profit reconciliation for the year ended 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
Revenue from operations			
Interest income	33,539.78	(0.28)	33,539.50
Income from investments	19.59	-	19.59
Fees and commission income	596.86	(3.35)	593.51
Net gain on fair value changes	3.77	1.87	5.64
Other operating income	49.36	-	49.36
Total revenue from operations	34,209.36	(1.76)	34,207.60
Other income	535.84	48.45	584.29
Total income	34,745.20	46.69	34,791.89
Expenses			
Finance costs	10,276.62	27.85	10,304.47
Fees and commision expenses	126.67	-	126.67
Impairment on financial instruments	2,085.37	(312.21)	1,773.16
Employee Benefits expenses	6,174.72	86.03	6,260.75
Depreciation, amortisation and impairment	682.59	-	682.59
Other expenses	5,229.59	45.65	5,275.24
Total expenses	24,575.56	(152.68)	24,422.88
Profit/(Loss) before exceptional items and tax	10,169.65	199.36	10,369.01
Exceptional items			-
Profit before tax	10,169.65	199.36	10,369.01
Tax Expense:			
(1) Current tax	3,748.54	-	3,748.54
(2) Deferred tax (credit)	(262.51)	123.26	(139.25)
Profit for the period	6,683.62	76.10	6,759.72
Other Comprehensive Income			
(i) Items that will not be classified to profit or loss	-	(11.58)	(11.58)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	3.87	3.87
Subtotal (A)	-	(7.71)	(7.71)
(i) Items that will be classified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Total comprehensive income	6,683.62	68.39	6,752.01

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

KV PN

Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and profit or loss for the year ended 31 March 2018

1. EIR

a. Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently loan to customers on date of transition date have increased by Rs. 42.98 Million. The impact of Rs. 33.58 Million for the ended 31 March 2018 has been taken to Profit and loss.

b. Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently borrowings on date of transition date have decreased by 93.83 million and impact for the year ended 31 March 2018 amounting to Rs. 40.72 Million has been taken to Profit and loss.

c. Unamortised expense on borrowing was recorded as an asset in the balance sheet under Indian GAAP. The same is reversed under Ind AS. As a result, the retained earnings as on the transition date has decreased by Rs. 19.76 Million. Impact for the year ended 31 March 2018 was Rs. 0.31 Million has been taken to the Profit and loss account.

2. Recording of impairment as per ECL

Under IGAAP, NPA provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected Credit Loss model. This has resulted in an additional impairment provision of Rs. 466.74 Million on the date of transition to Ind AS the impact of which was taken to retained earnings. Impact for the year ended 31 March 2018 was Rs. 84.95 Million has been taken to the Profit and loss account.

3. Derivative adjustment

Under IGAAP, the premium received on Derivative contracts were amortised over the period of the contract. Under Ind AS, the premium amount is recorded in the statement of profit and loss on the date of contract. As a result, there was an increase in the retained earnings as on transition date by Rs. 27.68 Million.

Also, Credit Value Adjustment has been recorded under Ind AS for outstanding derivative liabilites under Ind AS. As a result, there was an decrease in the retained earnings as on transition date by Rs. 403.26 Million.

Under IGAAP, the premium paid on Derivative contracts were amortised over the period of the contract. Under Ind AS, the premium amount is recorded in the statement of profit and loss on the date of contract. As a result, there was an decrease in the retained earnings as on transition date by Rs. 377.46 Million.

4. Fair valuation of security deposit

The Group has given interest free security deposit in the form of rental advance for branches taken on lease. Such deposits have been fair valued under Ind AS. As a result of the fair valuation, there has been a reduction in the balance of security deposits to the extent of Rs. 155.34 Million impact of which was taken to retained earnings as on 1 April 2017. The impact of Rs. 45.94 Million for the year ended 31 March 2018 has been taken in Profit and loss. Also the Group has recognised deferred lease rental as on 31 March 2017 to the extent of Rs. 124.29 Million, the impact of which was taken to retained earings as on 1 April 2017. The impact of Rs. 50.55 Million for the year ended 31 March 2018 has been taken in Profit and loss.

5. Fair valuation of ESOP

Under IGAAP, ESOP was recorded using the Intrinsic Value method. However, under Ind AS, ESOP is recorded using Fair value method. As a result of this there was an increase in the valuation of ESOP as on the transition date by Rs. 139.23 Million which has lead to reduction in the retained earnings. The impact for the year ended 31 March 2018 is Rs. 89.56 Million which has been taken to the profit and loss.

6. Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

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

Note 52: Details of Financial Assets sold to Securitisation Company

As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated on April 16, 2019 the details of securitisation are given below:

Particulars	31 March 2019 Numbers/Amount	31 March 2018 Numbers/Amount	1 April 2017 Numbers/Amount
(i) No of SPVs sponsored by the NBFC for securitisation transactions			
a.Through Direct assignment	4	1	1
b.Through PTC	14	8	4
Total	18	9	5
(ii) Total amount of securitised assets as per books of the SPVs Sponsored			
a.Through Direct assignment	2,873.39	13.74	68.17
b.Through Pass through Ceritificates	11,810.16	3,185.01	673.67
Total	**14,683.55**	**3,198.75**	**741.84**
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	-
Others			
b)On-balance sheet exposures			
- First loss			
a. Direct Assignment	-	-	-
a. Pass through Ceritificates	1,784.17	516.40	-
- Others	-	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR			
a) Off-balance sheet exposures			
i)Exposure to own securitizations			
First loss	-	56.50	-
a. Direct Assignment	-	-	-
a. Pass through Ceritificates	-	56.50	-
Loss	-	-	-
ii)Exposure to third party securitisations			
First loss	-	-	-
Others	-	-	-
b) On-balance sheet exposures			
i)Exposure to own securitisations			
First loss	-	-	-
a. Direct Assignment	-	-	-
a. Pass through Ceritificates	963.22	324.05	83.11
Others	-	-	-
ii) Exposure to third party securitisations			
First loss	-	-	-
Others	-	-	-

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Deloitte
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Chartered Accountants
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Kochi - 682 016
India

Tel: +91 (484) 2353 694
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INDEPENDENT AUDITOR'S REPORT

To The Members of MANAPPURAM FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **MANAPPURAM FINANCE LIMITED** (hereinafter referred to as "the Holding Company") 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, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "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 the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

DELOITTE HASKINS & SELLS LLP
KOCHI
682 016
CHARTERED ACCOUNTANTS

Regd. Office: 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India. (LLP Identification No. AAB-8737)

We conducted our audit in accordance with the Standards on Auditing 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the 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 prescribed under Section 133 of the Act.

DELOITTE HASKINS & SELLS LLP KOCHI 682 016 CHARTERED ACCOUNTANTS

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its Subsidiary Companies, none of the directors of the Group companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S. Sundaresan

S Sundaresan
Partner
(Membership No.25776)

DELOITTE HASKINS & SELLS LLP
KOCHI
682 016
CHARTERED ACCOUNTANTS

BENGALURU, 18 May, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of MANAPPURAM FINANCE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

DELOITTE HASKINS & SELLS LLP
KOCHI
682 016
CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

S. Sundaresan

DELOITTE HASKINS & SELLS LLP
KOCHI
682 016
CHARTERED ACCOUNTANTS

S Sundaresan
Partner
(Membership No.25776)

BENGALURU, 18 May, 2018

Manappuram Finance Limited
Consolidated Balance Sheet as at March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Note No.	As at March 31, 2018	As at March 31, 2017
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,685.07	1,683.80
Reserves and surplus	4	36,676.97	31,934.15
		38,362.04	**33,617.95**
Minority Interest		266.75	238.43
Non-current liabilities			
Long-term borrowings	5	26,962.54	31,224.11
Other long term liabilities	6	684.25	1,134.82
Long-term provisions	10	71.77	105.48
		27,718.56	**32,464.41**
Current liabilities			
Short-term borrowings	7	78,274.66	62,809.43
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8	534.57	733.58
Other current liabilities	9	25,280.38	20,111.66
Short-term provisions	10	1,887.66	1,548.06
		1,05,977.27	**85,202.73**
TOTAL		**1,72,324.62**	**1,51,523.52**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11A	2,691.48	1,832.10
Intangible assets	11B	52.88	31.10
Capital work-in-progress		1.46	6.28
Goodwill on consolidation		355.65	355.65
Non-current investments	12	50.53	50.53
Deferred tax assets (net)	13	1,039.64	777.16
Long-term loans and advances	14	13,615.08	8,748.07
Other Non current assets	15	659.32	623.84
		18,466.04	**12,424.73**
Current assets			
Cash and cash equivalents	16	6,986.45	5,554.26
Short-term loans and advances	14	1,43,019.25	1,29,872.40
Other current assets	15	3,852.88	3,672.13
		1,53,858.58	**1,39,098.79**
Total		**1,72,324.62**	**1,51,523.52**

See accompanying notes forming part of the Consolidated Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

DELOITTE HASKINS & SELLS LLP KOCHI 682 016 CHARTERED ACCOUNTANTS

S.Sundaresan
Partner

Place: Bengaluru
Date : May 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 18, 2018

Manappuram Finance Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2018

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

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	17	34,233.57	33,854.00
Other income	18	531.99	235.16
Total revenue		**34,765.56**	**34,089.16**
Expenses			
Finance costs	19	10,276.64	11,687.05
Employee benefits expense	20	6,167.12	5,025.82
Other expenses	21	7,469.12	5,087.55
Depreciation and amortization expense	22	682.59	631.54
Total Expense		**24,595.47**	**22,431.96**
Profit before tax		**10,170.09**	**11,657.20**
Tax expense			
Current tax		3,748.49	4,415.60
Deferred tax		(262.48)	(343.30)
Total tax expense		**3,486.01**	**4,072.30**
Profit for the year before minority interest		**6,684.08**	**7,584.90**
Less : Minority interest - Share of profit / (Loss)		(24.86)	26.42
Profit for the year		**6,708.94**	**7,558.48**
Earnings per share [Face value of Rs.2/-]	23		
Basic earnings per share (Rs.)		7.97	8.98
Diluted earnings per share (Rs.)		7.95	8.98

See accompanying notes forming part of the Consolidated Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

S. Sundaresan

DELOITTE HASKINS & SELLS LLP
KOCHI
682 016
CHARTERED ACCOUNTANTS

S.Sundaresan
Partner

Place: Bengaluru
Date : May 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Kapil Krishan

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 18, 2018

Manappuram Finance Limited
Consolidated Cash flow Statement for the year ended March 31, 2018
(All amounts are in millions of Indian rupees unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities		
Net profit before tax	10,170.09	11,657.20
Depreciation and amortization	682.59	631.54
Profit on sale of fixed assets	(3.07)	(5.17)
Interest income on DLB Bond	(5.95)	(5.98)
Dividend Income	(19.59)	(11.86)
Interest Income	(59.34)	(49.48)
Income from Securitisation of Receivables	(221.57)	(158.76)
Interest Expense	0.09	0.11
Provision for standard assets	212.11	625.14
Bad debts/advances written off, provision for other assets and provision for non performing assets	1,875.53	454.93
Provision for gratuity	0.91	0.13
Amortisation of Forward exchange contract premium	27.68	89.77
Provision for Litigation claim	0.23	6.56
Operating profit before working capital changes	**12,659.71**	**13,234.13**
Movements in working capital :		
Increase/ (decrease) in trade payable	(199.01)	503.45
Increase/ (decrease) in trade Receivable	(7.63)	3.52
Increase/ (decrease) in other current liabilities and provisions	(502.56)	2,337.04
Increase / (decrease) in short term borrowings	149.56	(0.03)
Increase/ (decrease) in long term provisions	5.29	9.77
Decrease / (increase) in long-term loans and advances	(9,919.06)	(11,113.51)
Decrease / (increase) in short-term loans and advances	(8,375.66)	(13,498.50)
Decrease / (increase) in other current assets	99.79	260.66
Decrease / (increase) in other non-current assets	53.95	(86.15)
Increase / (decrease) in Other long term liabilities	(433.22)	(187.27)
Cash generated from /(used in) operations	**(6,468.84)**	**(8,536.89)**
Direct taxes paid (net of refunds)	(4,251.48)	(4,170.02)
Net cash flow from/ (used in) operating activities (A)	**(10,720.32)**	**(12,706.91)**
B. Cash flows from investing activities		
Capital expenditure on Fixed Assets	(1,615.72)	(542.05)
Proceeds from sale of fixed assets	17.53	6.53
Sale of current investments	-	440.08
Interest income on DLB Bond	5.95	5.98
Dividend Received	19.59	11.86
Interest received	0.22	0.15
Redemption/ maturity of bank deposits (having original maturity of more than three months)	639.86	1,148.11
Investments in bank deposits (having original maturity of more than three months)	(1,587.38)	(1,319.68)
Net cash flow from/ (used in) investing activities (B)	**(2,519.95)**	**(249.02)**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS KOCHI 682 016

Manappuram Finance Limited
Consolidated Cash flow Statement for the year ended March 31, 2018
(All amounts are in millions of Indian rupees unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
C. Cash flows from financing activities		
Proceeds from issue of equity shares	105.17	21.65
Proceeds from Institutional debentures (long term)	3,668.47	18,860.12
Repayment of Institutional debentures (long term)	(767.00)	(436.40)
Repayment of Public debentures	(2,706.74)	(1,539.72)
Repayment of Retail Debenture	(320.72)	(94.66)
Proceeds from Commercial paper	1,40,876.48	87,246.61
Repayment of Commercial paper	(1,35,119.36)	(73,489.32)
Proceed from Vechile Loan	-	31.00
Repayment of Vechile Loan	(5.30)	(1.73)
Proceed from Finance Lease	110.63	35.30
Repayment of Finance Lease	(39.64)	(27.55)
Repayment of Subordinate Debt	(857.58)	(1,807.31)
Proceed from Term loan from Bank	2,24,526.59	1,09,529.96
Repayment of Term Loan from Banks	(2,07,657.45)	(1,24,610.68)
Proceeds from Foreign currency term loan - Bank	-	1,500.00
Proceeds from Foreign currency WCDL - Bank	(5,617.44)	5,500.00
Proceeds from Borrowings from others	213.08	122.27
Repayment of Borowings from others	(92.40)	(248.53)
Net proceeds / (Repayments) of borrowings from others	-	(7,206.18)
Proceeds / (Repayment) in working capital bank borrowings (net)	(671.38)	248.12
Finance costs	(0.09)	(0.11)
Dividends paid	(1,683.94)	(1,262.56)
Tax on dividend	(342.81)	(257.02)
Net cash flow from/ (used in) in financing activities (C)	**13,618.57**	**12,113.26**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**378.30**	**(842.67)**
Cash and cash equivalents at the beginning of the year	**3,427.61**	**4,270.28**
Cash and cash equivalents at the end of the year (note 16)	**3,805.91**	**3,427.61**

See accompanying notes forming part of the Consolidated Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

KOCHI 682 016

S.Sundaresan
Partner

Place: Bengaluru
Date : May 18, 2018

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B. N. Raveendra Babu
Executive Director
DIN: 00043622

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 18, 2018

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

1) Corporate Information

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 3,329 branches spread across the country. The Company is a Systemically Important Non-Deposit taking NBFC.

The Company has three subsidiaries, Manappuram Home Finance Limited ('MHF'), Manappuram Insurance Brokers Limited ("Maibro") and Asirvad Microfinance Limited ('Asirvad') which are incorporated in India. The Company along with the Subsidiaries is collectively referred to as the "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Maibro, a wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

Asirvad, was incorporated in the year 2007. Asirvad is a microfinance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934.

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 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014

Following Subsidiary Companies have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2018	March 31, 2017
Manappuram Home Finance Limited	Wholly Owned Subsidiary Company	India	Manappuram Finance Limited	100%	100%
Manappuram Insurance Brokers Limited	Wholly Owned Subsidiary Company	India	Manappuram Finance Limited	100%	100%
Asirvad Microfinance Limited	Subsidiary Company	India	Manappuram Finance Limited	90.39%	90.38%

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 prescribed under section 133 of the Act and the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit accepting NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.
The accounting policies adopted in the preparation of CFS are consistent with those of previous year.

b) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet as at March 31, 2018 and Statement of Profit and Loss and cash flows of the Company and its Subsidiaries for the year ended March 31, 2018.

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, 2018.

d) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

e) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

f) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill being an asset in the consolidated financial statements.

g) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

2.1) Statement of significant accounting policies

a) Use of estimates

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

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b) Property Plant and Equipment

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

c) Depreciation

Depreciation is provided using straight line method (except for one of the subsidiaries, which is following written down value method) at the following rates, which is management's estimate of the useful lives of the assets:

Nature of asset	Useful life in years
Computer equipment	
- End user equipment	3
- Server*	3-6
Furniture and fixtures	
- Safe and strong rooms	10
- Others*	3-10
Office equipment *	3-10
Buildings	30
Vehicles	8
Plant & Machinery	15

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

d) Intangible assets – Computer software & licenses

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

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

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

e) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are

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discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

f) Leases

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

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

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

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

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

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h) Revenues

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

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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 loan accounts are reversed.

Loan origination income i.e. processing fee and other charges collected upfront are recognized at the inception of the loan. Except in the case of Gold Loans these income are recognized at the time of settlement.

Income on securitisation

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 tenure 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 on 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.

Commission from insurance companies is being recognised on acceptance of insurance policy by the insurance companies.

i) Employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Group has no obligation payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme and Employees State Insurance Scheme as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. 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.

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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. The Group has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Group and its subsidiaries to acquire equity shares of the Group that vest in a graded manner and that are to be exercised within a specified period. The Employee Stock Option granted are accounted under the Intrinsic Value Method stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

j) Leave benefit plan

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet considering the absence of unconditional right to defer its settlement.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

k) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous CFS, are recognized as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contract (other than firm commitment or highly probable forecast transaction) is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward exchange contracts which are long-term foreign currency monetary items is recognized in accordance with the following

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset
b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(v) Derivative instruments and hedge accounting

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles set out in Guidance note on Derivative Contracts issued by ICAI.

The use of derivative contracts is governed by the Company's policies on the use of such derivative consistent with the Company's risk management strategy. The company doesn't use the derivative financial instrument for speculative purposes.

Derivative contracts are initially measured at fair value and re-measured at subsequent reporting dates. Change in fair value of these Derivative contracts are designated and effective as hedges of future cash flows are recognized directly in "Hedging Reserve Account" under Shareholders' Funds and the ineffective portion is recognized immediately in Statement of Profit and Loss.

Changes in fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in Statement of Profit and Loss as they arise.

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The amounts recognized in the Hedging Reserve are transferred to the Statement of Profit and Loss when the hedged transaction crystalises.

If the forecast transactions are no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to Statement of Profit and Loss.

Hedge Accounting is discontinued when the hedging instrument expires or sold, terminated or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedge transaction is no longer expected to occur, the net cumulative gain or loss recognized under Shareholders' Fund is transferred to the Statement of Profit and Loss for the year.

l) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

m) Income Tax

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

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

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

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

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

o) Provisions

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

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

(ii) Provision for credit enhancements on assets derecognized

Upto March 31, 2016, 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.

Effective from April 1, 2016, the Management has re-evaluated the requirement of provision taking into account the past trend / history of delinquencies and the nature of the securitisation transactions. Based on the same, no additional provision has been created with regard to the standard asset forming part of securitisation transactions entered with effect from April 1, 2016.

p) Segment reporting

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

q) Cash and Cash Equivalents (for purposes of Cash Flow Statements)

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.

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r) Cash Flow Statements

Cash flows are reported using the indirect method (except for one Subsidiary), whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

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.

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

NOTE: 3
SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
Authorised		
980,000,000 (March 31, 2017: 980,000,000) equity shares of Rs.2/- each	1,960.00	1,960.00
400,000 (March 31, 2017: 400,000) redeemable preference shares of Rs.100/- each	40.00	40.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up		
Equity shares		
842,535,762 (March 31, 2017: 841,899,636) equity shares of Rs.2/- each	1,685.07	1,683.80
Total issued, subscribed and fully paid-up share capital	**1,685.07**	**1,683.80**

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2018		March 31, 2017	
	No. Million	Rs. (in Million)	No. Million	Rs. (in Million)
At the beginning of the year	841.89	1,683.80	841.20	1,682.41
Issued during the year - ESOP	0.64	1.27	0.69	1.39
Outstanding at the end of the year	**842.53**	**1,685.07**	**841.89**	**1,683.80**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Rs.2/- per share (March 31, 2017: Rs 1.50 per share).

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

c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2018	March 31, 2017
	No. Million	No. Million
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	-	614.56

In addition, the Company has issued 1,328,626 equity shares (March 31, 2017: 746,500) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

d. Details of shareholders holding more than 5% shares in the Company (Equity shares of Rs.2/- each fully paid)

	March 31, 2018		March 31, 2017	
	No. Million	% holding	No. Million	% holding
Mr.Nandakumar V P	239.37	28.41	237.57	28.22
Ms Sushama Nandakumar	48.00	5.70	48.00	5.70
Baring India Private Equity Fund III	47.62	5.66	47.62	5.66
Quinag Acquisition (FPI) Ltd	57.79	6.86	-	-

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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

NOTE: 4
RESERVES AND SURPLUS

	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Opening balance	13,719.42	13,699.16
Add: Premium on shares issued during the year	50.96	20.26
Closing Balance	**13,770.38**	**13,719.42**
Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934		
Opening balance	5,906.61	4,385.49
Add: On acqusition	-	-
Add: Transfer from surplus in Consolidated Statement of Profit and Loss	1,400.34	1,521.12
Closing Balance	**7,306.95**	**5,906.61**
Debenture Redemption Reserve		
Opening balance	821.21	718.95
Add: amount transferred from surplus in Consolidated Statement of Profit and Loss (refer note 4 (a) & (b))	-	102.26
Less: Amount transferred to surplus in Consolidated Statement of Profit and Loss	(676.68)	-
Closing Balance	**144.53**	**821.21**
Capital Redemption Reserve		
Opening balance	50.00	50.00
Add: amount transferred from surplus in Consolidated Statement of Profit and Loss	-	-
Closing Balance	**50.00**	**50.00**
General Reserve		
Opening balance	3,885.08	3,885.08
Closing Balance	**3,885.08**	**3,885.08**
Hedging Reserve		
Opening Balance	(22.96)	-
Gains/(losses) during the year	10.13	(22.96)
	(12.83)	(22.96)

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 4
RESERVES AND SURPLUS

	As at March 31, 2018	As at March 31, 2017
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	7,574.79	3,159.29
Profit for the year	6,708.94	7,558.48
Less: Appropriations		-
Transfer to/(from) Debenture Redemption Reserve	(676.68)	102.26
Interim dividend on equity shares	1,683.94	1,262.56
Tax on interim dividend on equity shares	343.27	257.04
Transfer to Statutory Reserve	1,400.34	1,521.12
Total appropriations	2,750.87	3,142.98
Surplus in Consolidated Statement of Profit and Loss	**11,532.86**	**7,574.79**
Total Reserves and Surplus	**36,676.97**	**31,934.15**

Notes:

a) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued dated June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

b) In respect of the debentures issued through public issue, the Company has created DRR of Rs 144.53 as at March 31, 2018(March 31, 2017 - Rs.821.21). The Company subsequent to the year-end has deposited a sum of Rs.2.62 (March 31,2017 - Rs 291.20) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2018.

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 5
Long-term borrowings

	Non-current		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	-	-	500.00
Subordinate bonds from others	55.43	63.99	4.97	353.99
Debentures (Secured)				
Non-convertible Debentures - Private placement	13,842.44	21,561.06	11,819.12	1,519.76
Non-convertible Debentures - Public issue	562.04	578.10	16.06	2,706.74
Term loans				
Indian rupee loan from banks (secured)	9,178.82	5,461.25	6,592.75	8,738.41
Foreign Currency Term Loan from banks (secured)	1,446.21	1,438.99	-	-
Indian rupee loan from others (secured)	1,280.75	2,074.36	1,820.83	1,924.10
Indian rupee loan from others (Unsecured)	500.00	-	403.08	31.27
Vehicle loans (Secured)	18.66	30.46	5.78	8.55
Finance lease obligation (secured)	78.19	15.90	62.77	44.93
	26,962.54	**31,224.11**	**20,725.36**	**15,827.75**
The above amount includes				
Secured borrowings	26,407.11	31,160.12	20,317.31	14,942.49
Unsecured borrowings	555.43	63.99	408.05	885.26
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(20,725.36)	(15,827.75)
Net amount	**26,962.54**	**31,224.11**	-	-

A) Indian rupee loan from banks (secured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	8.20 -10.00%	2,700.00	-
Due within 1 year	8.20 -10.00%	-	754.16
Total (A)		**2,700.00**	**754.16**

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)

Particulars	Non current portion	Current Maturities
Base Rate+Spread	4,289.25	5,303.88
Total (B)	**4,289.25**	**5,303.88**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Particulars	Non current portion	Current Maturities
Fixed	2,189.57	534.71
Total ('C)	**2,189.57**	**534.71**

	Non current portion	Current Maturities
TOTAL (A+B+C)	**9,178.82**	**6,592.75**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance Limited which are regular as per NHB Guidelines.

DELOITTE HASKINS & SELLS LLP
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CHARTERED ACCOUNTANTS

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

NOTE: 5
Long-term borrowings
As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	9.60 -10.45%	795.83	-
Due within 1 year	9.60 -10.70%	-	4,841.67
Total (A)		**795.83**	**4,841.67**

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)

Particulars	Non current portion	Current Maturities
Base Rate+Spread	2,606.37	3,653.29
Total (B)	**2,606.37**	**3,653.29**

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

As at March 31, 2017

Particulars	Non current portion	Current Maturities
Fixed	2059.05	243.45
Total ('C)	**2,059.05**	**243.45**

	Non current portion	Current Maturities
TOTAL (A+B+C)	**5,461.25**	**8,738.41**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

B) Indian rupee loan from others (Unsecured)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	7.60 -10 %	500.00	403.08
Total		**500.00**	**403.08**

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	31.27
Total		-	**31.27**

C) Vehicle loans (Secured loans)

As at March 31, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Later than one year and not later than five years	18.66	-	18.66
Due within 1 year	5.78	-	5.78
Grand Total	**24.44**	-	**24.44**
Non current portion			**18.66**
Current Maturities			**5.78**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

DELOITTE HASKINS & SELLS LLP KOCHI 682 016 CHARTERED ACCOUNTANTS

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

NOTE: 5
Long-term borrowings

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Later than one year and not later than five years	30.46	-	30.46
Due within 1 year	8.55	-	8.55
Grand Total	**39.01**	-	**39.01**
Non current portion			**30.46**
Current Maturities			**8.55**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

D) Subordinate debt from banks as at March 31, 2018 aggregating to Rs. Nil (March 31, 2017 - Rs 500) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

E) Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. Rs. 145.77 Million (March 31, 2017 - Rs. 9.88) each.

F) Foreign currency loan:

1) Rs. 1,000 as at March 31, 2018 (March 31, 2017 - Rs. 1,000) which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., May 9, 2016.

2) Rs. 500 as at March 31, 2018 (March 31, 2017 - Rs. 500) which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., December 22, 2016.

The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan (including Long term and short term) has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO to the extent of Rs. 4,770.05 (March 31, 2017 - Rs. 4,671.71)

G) Indian rupee loan from others (secured)

As at March 31, 2018

Particulars	Non current portion	Current Maturities
Fixed	1,280.75	1,820.83
Total	**1,280.75**	**1,820.83**

As at March 31, 2017

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	2,074.36	1,924.10
Total	**2,074.36**	**1,924.10**

All loans are secured by hypothecation of the Book Debts receivable under Microfinance Loans.

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CHARTERED ACCOUNTANTS

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for
(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 Rs.1,000/- each. Details of rate

As at March 31, 2018

Redeemable at par within	< 12%		>= 1
	Number	Amount	Number
Due above 5 years	-	-	-
Due within 4-5 years	-	-	1,4
Due within 3-4 years	-	-	14,8
Due within 2-3 years	6,857	6.86	10,5
Due within 1-2 years	413	0.41	2,9
Due within 1 year			-
Grand Total	7,270	7.27	29,8

Non-current portion
Current maturities
Total

As at March 31, 2017

Redeemable at par within	< 12%		>= 1
	Number	Amount	Number
Due above 5 years	-	-	1,4
Due within 4-5 years	-	-	18,4
Due within 3-4 years	6,857	6.86	10,5
Due within 2-3 years	413	0.41	2,9
Due within 1-2 years	-	-	-
Due within 1 year	-	-	1,39,7
Grand Total	7,270	7.27	1,73,2

Non-current portion
Current maturities
Total

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS KOCHI 682 016

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)
Debentures (Secured)

i) Private placement retail - Redeemable Non Convertible Debentur
As at March 31, 2018
Terms of repayment

Redeemable at par within	< 10%		>=
	Number	Amount	Numb
Due within 2-3 years	-	-	-
Due within 1-2 years	-	-	-
Due within 1 year	-	-	-
Grand Total	-	-	-

Non-current portion
Current maturities
Total

As at March 31, 2017
Terms of repayment

Redeemable at par within	< 10%		>=
	Number	Amount	Numb
Due within 2-3 years	-	-	-
Due within 1-2 years	-	-	-
Due within 1 year	-	-	20,0
Grand Total	-	-	20,0

Non-current portion
Current maturities
Total

Nature of Security
Secured by a floating charge on the book debts of the Company on gol
balance of debenture with accrued interest any time. Debentures are offe

Non-Convertible debentures
Private Placement

Particulars	Ma
i) Retail	
ii) Institutional	
Total	

DELOITTE HASKINS & SELLS LLP KOCHI 682 016 CHARTERED ACCOUNTANTS

(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 Rs. 1,000,000/- each

As at March 31, 2018
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-19	None
24-May-16	750	750.00	10.50%	08-Apr-19	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-19	None
23-Aug-16	750	750.00	10.20%	22-Mar-19	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
30-Oct-17	2,000	2,000.00	8.80%	20-Dec-20	None
Total	**17,080**	**17,080**			

Non-current portion	8,930.00
Current maturities	8,150.00
Total	**17,080.00**

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CHARTERED ACCOUNTANTS

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)
As at March 31, 2017
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-18	None
24-May-16	750	750.00	10.50%	08-Apr-18	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
05-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
05-Aug-16	1,500	1,500.00	10.31%	15-Mar-18	None
23-Aug-16	750	750.00	10.20%	22-Mar-18	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
Total	15,847	15,847.00			

Non-current portion	15,080.00
Current maturities	767.00
Total	15,847.00

Nature of Security
Secured by present and future gold loan receivable of the Company with minimum asset cover ratio of 1.10 times.

iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each

As at March 31, 2018
Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	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
Total	5,78,104	578.10		

Non-current portion	562.04
Current maturities	16.06
Total	578.10

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS KOCHI 682 016

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

Note 5 (contd.)
As at March 31, 2017
Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
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
Total	**32,84,842**	**3,284.84**		

Non-current portion	578.10
Current maturities	2,706.74
Total	**3,284.84**

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.

iv) Secured, Redeemable Non-convertible Debentures
Nature of Security
The NCDs are secured by charge on specific loans and receivables of the Company.

v) Secured, Redeemable Non-convertible Debentures - Private placement Retail
As at March 31, 2018

Date of Allotment	No.of. Debentures	Face Value	Balance as at March 31, 2018	Int Rate	Due date of redemption
09-Aug-16	750	10,00,000	375.00	11.35%	01-Jul-22
09-Aug-16	2,500	1,00,000	150.00	11.45%	19-Mar-19
09-Aug-16	1,500	1,00,000	150.00	11.45%	19-Apr-19
15-Mar-16	700	10,00,000	700.00	13.25%	29-Mar-21
26-Apr-16	330	10,00,000	330.00	13.25%	01-May-21
15-Jun-15	100	10,00,000	100.00	14.50%	01-Dec-20
07-Jul-16	15	1,00,00,000	150.00	13.50%	12-Jul-19
07-Jul-16	25	1,00,00,000	250.00	13.50%	12-Jul-22
29-Dec-16	500	10,00,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	10,00,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	10,00,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	10,00,000	150.00	13.00%	01-Jun-23
30-Jun-16	333	12,00,000	166.50	12.80%	01-Jul-19
09-Aug-16	400	10,00,000	260.00	12.25%	09-Aug-19
09-Aug-16	500	10,00,000	500.00	12.84%	19-Aug-19
09-Aug-16	380	10,00,000	380.00	12.00%	01-Nov-19
09-Aug-17	1,000	10,00,000	1,000.00	12.30%	09-Aug-23
27-Nov-17	1,000	10,00,000	916.67	11.55%	27-Nov-20
19-Mar-18	1,000	10,00,000	500.00	12.00%	31-Mar-21
Total	**11,683**		**7,078.17**		

Non-current portion	4,912.44
Current maturities	2,165.73
Total	**7,078.17**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS KOCHI

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)

As at March 31, 2017

Date of Allotment	No.of.Debentures	Face Value	Balance as at March 31, 2017	Int Rate	Due date of redemption
28-Sep-16	750	10,00,000	750.00	11.35%	01-Jul-22
28-Sep-16	2,500	1,00,000	250.00	11.45%	19-Mar-19
17-Oct-16	1,500	1,00,000	150.00	11.45%	19-Apr-19
28-Mar-16	700	10,00,000	700.00	13.25%	01-Sep-20
19-May-16	330	10,00,000	330.00	13.25%	01-May-21
13-May-15	100	10,00,000	100.00	14.50%	01-Dec-20
13-Jul-16	150	10,00,000	150.00	13.50%	01-Jul-19
13-Jul-16	250	10,00,000	250.00	13.50%	01-Jul-22
29-Dec-16	500	10,00,000	500.00	13.00%	01-Dec-22
15-Mar-17	350	10,00,000	350.00	13.00%	01-Jul-22
15-Mar-17	150	10,00,000	150.00	13.00%	01-Jul-22
28-Dec-16	150	10,00,000	150.00	13.00%	01-Jun-23
01-Jul-16	333	1,00,000	299.70	12.80%	01-Jul-19
11-Aug-16	400	1,00,000	400.00	12.25%	01-Aug-19
19-Aug-16	500	10,00,000	500.00	12.20%	01-Aug-19
04-Nov-16	380	10,00,000	380.00	12.00%	01-Nov-19
	9,043		5,409.70		

Non-current portion	4,949.00
Current maturities	460.70
Total	**5,409.70**

Nature of Security
The NCDs are secured by charge on specific loans and receivables of the Company.

DELOITTE HASKINS & SELLS LLP KOCHI 682 016 CHARTERED ACCOUNTANTS

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

NOTE: 6
Other long term liabilities

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on long term borrowings	319.41	855.89
Security deposits from employees	297.90	194.64
Derivative Liability	66.62	83.97
Provision for Rent Straight-Lining	0.32	0.32
	684.25	**1,134.82**

NOTE: 7
Short-term borrowings

	As at March 31, 2018	As at March 31, 2017
Cash credit / Overdraft facilities from banks (secured)	5,125.84	5,897.58
Working Capital demand loan from banks (secured)	44,045.92	33,815.99
Sub total (Secured)	**49,171.76**	**39,713.57**
Commercial Papers (unsecured)	29,102.90	23,095.86
	78,274.66	**62,809.43**
The above amount includes		
Secured borrowings	49,171.76	39,713.57
Unsecured borrowings	29,102.90	23,095.86
Total	**78,274.66**	**62,809.43**

Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)

Particulars	March 31, 2018	March 31, 2017
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements.	49,171.76	39,713.57
Total	49,171.76	39,713.57

Commercial papers carry interest rates of 7.85% to 8.30% (March 31, 2017 - 7.25% to 10.05%) and their tenor ranges from 60 days to 364 days.

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Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 8
Trade Payables

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	534.57	733.58
Total	**534.57**	**733.58**

NOTE: 9
Other Current Liabilities

Current maturities of long-term borrowings (note 5) ((Includes current maturity of finance lease obligation Rs.62.77 (March 31,2017 - Rs.44.93))	20,725.36	15,827.75
Interest accrued but not due on borrowings	2,330.54	2,243.64
Statutory dues payable	145.19	194.99
Employee related payables	478.33	396.38
Auction surplus	601.20	579.13
Forward cover contract payable	-	403.27
Income received in advance (unearned revenue)	215.73	113.48
Unclaimed matured Non convertible debenture	12.69	11.67
Unclaimed dividend	33.75	30.90
Unclaimed matured deposits	-	0.06
Unpaid Interest - NCD/Bond	-	1.91
Unclaimed matured subordinate bonds	12.20	153.87
Others	725.39	154.61
Total	**25,280.38**	**20,111.66**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS KOCHI 682 016

Manappuram Finance Limited

Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018

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

NOTE: 10

Provisions

	Non-current portion		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provision for employee benefits				
Provision for gratuity	1.54	2.56	87.58	71.53
Provision for leave encashment	14.02	12.05	109.81	88.30
	15.56	**14.61**	**197.39**	**159.83**
Other provisions				
Provision for non performing assets	2.66	6.70	776.27	365.49
Provision for Other Assets		71.85	196.59	489.38
Provisions for taxation (net of advance tax and tax deducted at source)	-	0.47	0.09	42.06
Provision for standard assets	53.55	11.85	681.61	455.13
Provision for credit enhancement on asset derecognised	-	-	-	0.69
Provision for litigation	-	-	35.71	35.48
	56.21	**90.87**	**1,690.27**	**1,388.23**
	71.77	**105.48**	**1,887.66**	**1,548.06**

The table below gives information about movement in provision for litigation claim.

	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	35.48	29.02
Arising during the year	0.23	6.46
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	**35.71**	**35.48**
Current portion	35.71	35.48
Non-current portion	-	-

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

NOTE: 11A

Property, Plant and Equipment

	Freehold Land	Buil
Cost		
As at April 1, 2016	98.18	3
Additions	36.33	
Disposals	-	
As at 31 March 2017	**134.51**	3
Cost		
As at April 1, 2017	**134.51**	3
Additions	14.92	9
Disposals	-	
As at March 31, 2018	**149.43**	1,2
Accumulated Depreciation		
As at April 1, 2016	-	
Charge for the year	-	
Eliminated on disposal of Assets	-	
As at 31 March 2017	-	
Accumulated Depreciation		
As at April 1, 2017	-	
Charge for the year	-	
Eliminated on disposal of Assets	-	
As at March 31, 2018	-	
Net Block as at March 31, 2017	**134.51**	2
Net Block as at March 31, 2018	**149.43**	1,1

*Includes Computers taken on finance lease - Gross block Rs. 218
block Rs 127.74 as at March 31, 2018 (March 31, 2017 - Rs.60.76)

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

NOTE: 10B
Intangible assets

	Computer Software
Cost	
As at April 1, 2016	152.03
Additions	17.92
Disposals	15.66
As at March 31, 2017	**154.29**
Cost	
As at April 1, 2017	**154.29**
Additions	40.66
Disposals	4.40
As at March 31, 2018	**190.55**
Amortization	
As at April 1, 2016	**119.82**
Charge for the year	19.01
Eliminated on disposal of Assets	15.64
As at March 31, 2017	**123.19**
Amortization	
As at April 1, 2017	**123.19**
Charge for the year	17.51
Eliminated on disposal of Assets	3.03
As at March 31, 2018	**137.67**
Net block	
As at March 31, 2017	**31.10**
As at March 31, 2018	**52.88**

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NOTE: 12
Non-current investments

	As at March 31, 2018	As at March 31, 2017
Non trade - (Unquoted, valued at cost)		
50 (March 31, 2017 - 50) Non Convertible Subordinate bonds of Rs 1,000,000/- each fully paid in Dhanlaxmi Bank Limited	50.00	50.00
50,000 (March 31, 2017 - 50,000) Equity Shares of Alpha Micro Finance Consultants Private Limited of Rs 10/- each	0.50	0.50
Non-Trade Investment in other companies (Unquoted, valued at cost)		
1,000 (March 31, 2017 - 1,000) equity share of Rs. 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	50.53	**50.53**

Note :

1. Aggregate amount of unquoted investments	50.53	50.53
2. Aggregate provision for diminution in value of investments	-	-

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NOTE: 13
Deferred tax assets (net)

Deferred tax liability	As at March 31, 2018	As at March 31, 2017
On unamortised debenture issue expense	(1.89)	(4.90)
Gross deferred tax liability	**(1.89)**	**(4.90)**
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	273.80	227.53
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	73.74	116.94
Provision for advances	686.51	425.30
Others	7.48	12.29
Gross deferred tax asset	**1,041.53**	**782.06**
Net deferred tax asset	**1,039.64**	**777.16**

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NOTE: 14
Loans and advances

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	1,17,078.79	1,11,022.69
- Commercial Vehicle Loan	3,416.72	1,450.81	2,435.07	1,579.29
- Mortgage/Property Loan	218.96	257.56	34.51	65.72
- Home Loan	2,430.31	2,181.09	(0.00)	-
- Onlending	3,496.64	426.21	2,049.14	373.04
- Other Loans	1,019.57	781.05	8.08	16.41
Total (A)	**10,582.20**	**5,096.72**	**1,21,605.59**	**1,13,057.15**
Secured, considered doubtful				
- Gold Loan	-	-	271.03	222.65
- Commercial Vehicle Loan	43.70	14.13	63.30	14.11
- Mortgage/Property Loan	27.86	25.89	66.64	22.17
- Home Loan	128.33	43.47	-	1.41
- Other Loans	19.58	1.18	-	0.01
Total (B)	**219.47**	**84.67**	**400.97**	**260.35**
Portfolio Loan				
Unsecured, considered good				
- Demand loan	6.64	7.33	49.77	11.62
- Micro finance loan	1,192.42	2,397.40	19,930.01	14,966.47
Total (C)	**1,199.06**	**2,404.73**	**19,979.78**	**14,878.09**
Total Loans (A+B+C)	**12,000.73**	**7,586.12**	**1,41,986.34**	**1,28,195.59**
Advances recoverable in cash or kind*				
Unsecured, considered good	**0.24**	**0.11**	**846.90**	**1,504.30**
Deposits (Unsecured, considered good)				
Rental deposits	448.03	484.41	180.33	89.78
Other security deposits	41.60	50.44	4.02	39.36
	489.63	**534.85**	**184.35**	**129.14**
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	4.96	1.66	43.37
Capital advances (Unsecured, considered good)	65.17	23.09	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	1,059.31	598.94	-	-
Total	**13,615.08**	**8,748.07**	**1,43,019.25**	**1,29,872.40**
* Advances recoverable in cash or kind includes dues from relative of directors and related parties	-	-	-	-

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

NOTE: 15
Other assets

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Loan & other credit facilities				
Secured, considered good				
Housing loans			72.81	61.77
Other loans			45.10	30.16
Non-current bank deposits (note 16)	566.09	497.81	-	-
(A)	**566.09**	**497.81**	**117.91**	**91.93**
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	3,288.13	3,017.71
Microfinance Loan (Unsecured, considered good)	-	-	-	134.79
Fixed deposits and investment	16.00	22.45	0.19	41.78
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	-	1.50	1.50	-
Advance tax (net of Provisions for tax)	5.38	-	-	-
Unamortized premium on forward exchange contract	-	-	-	27.68
Ancillary cost of arranging the borrowings	68.91	37.81	96.95	44.47
Gratuity	2.64	-	-	-
Others	0.30	64.27	348.20	313.77
(B)	**93.23**	**126.03**	**3,734.97**	**3,580.20**
Total (A + B)	**659.32**	**623.84**	**3,852.88**	**3,672.13**

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

NOTE: 16
Cash and cash equivalents

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Cash and cash equivalents (as per AS 3 Cash Flow Statements)				
Balances with banks:				
On current accounts	-	-	2,899.02	2,344.99
Cash on hand	-	-	906.89	1,082.62
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)	-	-	**3,805.91**	**3,427.61**
Other bank balances				
On Escrow accounts				
Unpaid matured deposit			0.07	0.07
Unpaid NCD trustee account			19.15	24.39
Unpaid auction surplus deposit			620.31	510.40
Unpaid dividend			33.79	30.91
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	2,501.23	1,548.64
Deposits with original maturity for more than 12 months*	566.09	497.81	5.99	12.24
	566.09	**497.81**	**3,180.54**	**2,126.65**
Amount disclosed under non-current assets (note 15)	566.09	497.81	-	-
	-	-	**6,986.45**	**5,554.26**

* Includes:
a) Cash collateral deposits aggregating Rs.820 (March 31, 2017 : Rs. 840) towards approved bank facilities;
b) Employee security deposits aggregating Rs.297.72 (March 31, 2017 : Rs. 187.60) placed as fixed deposits with banks;
c) Deposits aggregating to Rs.42.85 (March 31, 2017 : Rs. 40.57) towards security deposit to various authorities.

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
NOTE: 17		
Revenue from operations		
Interest Income		
- Gold loans	27,776.51	29,153.01
- Bank and other deposits	119.98	111.24
- Property Loans	57.28	76.09
- Personal loans	1.31	-
- Micro Finance	3,876.58	3,059.23
- Commercial Vehicles	778.05	402.37
- Home Loan	493.37	317.60
- Corporate Loan	310.78	95.32
Insurance Commission	48.72	19.85
Processing and application fees	407.96	368.98
Gain on Securitisation	221.57	158.76
Total Interest income (A)	**34,092.11**	**33,762.45**
Other operating revenue		
- Money transfer	39.32	46.80
- Interest income on DLB Bond	5.95	5.98
- Provisions no longer required written back	29.40	-
- Bad debts recovered	33.33	10.79
- Insurance claim received	-	6.95
- Others	33.46	21.03
Total Other operating revenue (B)	**141.46**	**91.55**
Revenue from operations (A+B)	**34,233.57**	**33,854.00**

NOTE: 18
Other Income

Profit on sale of fixed assets (net)	3.57	5.17
Dividend on Mutual Funds	-	22.93
Commission	-	178.41
Other non-operating income	528.42	15.56
Reversal of Provision for Credit Enhancement on Assets De-recognised	-	13.09
	531.99	**235.16**

NOTE: 19
Finance Cost

Interest		
- on Debentures	3,001.05	2,360.34
- on Bank and other borrowings	4,823.00	6,949.50
- on Subordinate bonds and loans	29.34	277.38
- on Commercial papers	2,067.52	1,661.32
- Others	26.59	34.16
Other borrowing cost	329.14	404.35
	10,276.64	**11,687.05**

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

NOTE: 20
Employee benefit expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	5,444.60	4,426.30
Contribution to provident and other funds	566.32	470.26
Gratuity expense (note 25)	135.38	100.85
Staff welfare expenses	20.82	28.41
	6,167.12	**5,025.82**

NOTE: 21
Other expenses

		For the year ended March 31, 2018		For the year ended March 31, 2017
Electricity		212.92		191.35
Rent		1,234.32		1,106.69
Rates and taxes		45.25		40.61
Insurance		135.51		65.95
Repairs and maintenance				
-Vehicles		11.52		10.23
-Others		163.93		153.14
Advertising and sales promotion		272.80		437.33
Commission paid		128.36		119.64
Travelling and conveyance		351.19		250.68
Communication costs		337.84		249.45
Printing and stationery		137.07		138.35
IT Support costs		322.53		301.62
Legal and professional fees		144.56		126.15
Security charges		1,660.11		591.47
Bad debts/advances written off	1,791.14		355.65	
Provision for Other Assets	(364.64)		-	
Provision for non performing assets	406.74	1,833.24	719.51	1,075.16
Provision for standard assets		268.24		16.97
Corporate social responsibility expenditure		103.07		112.40
Miscellaneous expenses		106.66		100.36
		7,469.12		**5,087.55**

Payment to auditors included in Legal and Professional Charges:
As auditor:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fee	6.78	7.01
Limited reviews	1.60	3.10
Tax Audit	0.28	0.28
Certification fees	0.65	1.84
Other Services	0.97	0.76
Reimbursement of expenses	0.54	0.99
	10.82	**13.98**

NOTE: 22
Depreciation and amortization expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation	665.08	612.53
Amortization of intangible assets	17.51	19.01
	682.59	**631.54**

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

Note: 22
Earnings per share (EPS)
The following reflects the profit and share data used in the basic and diluted EPS computations:

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Net profit for calculation of basic EPS	**6,708.94**	**7,558.48**
Weighted average number of equity shares in calculating basic EPS (Nos.)	84,19,79,381	84,15,39,979
Effect of dilution:		
Stock options granted under ESOP (Nos.)	19,09,241	31,870
Weighted average number of equity shares in calculating diluted EPS (Nos.)	**84,38,88,622**	**84,15,71,849**
Basic EPS (Rs)	7.97	8.98
Diluted EPS (Rs)	7.95	8.98

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

Note23: Employee Stock Option Scheme (ESOS)

Employee Stock Option Scheme (ESOS), 2009

The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to Rs 33.12 per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to Rs 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

The Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 options at an exercise price of Rs. 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	50,000	8,75,000
Options exercised during the year	(50,000)	(6,92,500)
Options lapsed during the year	-	(1,32,500)
Options outstanding, end of year	-	**50,000**
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	-	50,000
- Options not eligible for exercise at year end	-	-

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

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

Note23: Employee Stock Option Scheme (ESOS)

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I 16-Aug-2010 50%	Vesting II 16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of Rs 10/- per share)	Rs 142.43	Rs 157.92
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of Rs 10/-)	Rs. 331.15	Rs. 331.15

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of In principle Approval	In principle approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a) The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

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Note23: Employee Stock Option Scheme (ESOS)

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13,750,466 options at an exercise price of Rs. 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

The summary of the movements in options is given below:

Particulars	March 31, 2018	March 31, 2017
Options outstanding, beginning of year	1,18,17,829	-
Options granted during the year	-	1,37,50,466
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	10,89,589	-
Options lapsed during the year	(22,60,349)	(19,32,637)
Options Allotted during the year	(5,86,126)	-
Options unvested and Outstanding at the End of the Year	**1,00,60,943**	**1,18,17,829**

Particulars	March 31, 2018	March 31, 2017
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I 8-Aug-2017 30%	Vesting II 8-Aug-2018 30%	Vesting III 8-Aug-2019 40%
Fair Value per vest (Rs.)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of Rs 10/-)	Rs. 86.45	Rs. 86.45	Rs. 86.45

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2017			
- Amounts as reported	7,558.48	8.98	8.98
- Amounts as per pro-forma	7,429.24	8.83	8.83

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2018			
- Amounts as reported	6,708.94	7.97	7.95
- Amounts as per pro-forma	7,429.24	8.83	8.83

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Note 24 Related party disclosures

Names of related parties

Relationship	**Name of the party**
Associates / Enterprises owned or significantly influenced by key personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited*
	Manappuram Chit Funds Company Private Limited *
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits India Limited *
	Adlux Medicity and Convention centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	Manappuram Chits *
	MABEN Nidhi Limited*
	Manappuram Asset Finance Limited *
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief Financial Officer
	Mr.Ramesh Periasamy -Company Secretary
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)
	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.

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Note 24 Related party disclosures
Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Debentures and Subordinate Bond redeemed during the year	-	-	-	-	**0.80**	**0.80**
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	0.80	0.40
Ms. Biji Babu	-	-	-	-	-	0.40
Interest expense	-	-	-	-	**0.15**	**0.51**
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	0.00	0.29
Ms. Biji Babu	-	-	-	-	-	0.09
Mrs. Shelly Ekalavyan	-	-	-	-	0.15	0.13
Commission to Directors	-	-	**42.50**	**30.00**	-	-
Mr. V.P.Nandakumar	-	-	37.50	25.00	-	-
Mr. Raveendra Babu		-	5.00	5.00	-	-
Remuneration to Directors	-	-	**64.69**	**67.03**	-	-
Mr. V.P.Nandakumar	-	-	53.77	56.71	-	-
Mr. Raveendra Babu	-	-	10.92	10.32	-	-
Remuneration to other KMPs	-	-	12.68	10.69	-	-
Remuneration paid to Relative of KMP	-	-	-	-	**13.84**	**12.23**
Mr Sooraj Nandan	-	-	-	-	5.28	4.06
Mrs Sumita Jayshankar	-	-	-	-	7.32	6.95
Mr. Suhas Nandan	-	-	-	-	1.25	1.22
Donation made						
Manappuram Foundation	101.10	104.80	-	-	-	-
Rent Paid	**1.24**	**0.75**	**0.36**	**0.33**	**0.34**	**0.39**
Mr. V.P.Nandakumar	-	-	0.36	0.33	-	-
Mr. Suhas Nandan	-	-	-	-	0.14	0.20
Mrs Sumitha Nandakumar	-	-	-	-	0.12	0.12
Mr. Sooraj Nandan	-	-	-	-	0.08	0.07
Manappuram Agro Farms Limited	1.24	0.75	-	-	-	-
Reimbursement of Rent & Expenses						
Manappuram Foundation	1.90	0.35	-	-	-	-
Other Income						
Manappuram Foundation	0.10	0.13	-	-	-	-
Rent Received	**1.30**	**1.20**	-	-	-	-
Manappuram Jewellers Limited	0.48	0.50	-	-	-	-
Manappuram Agro Farms Limited	0.14	0.19	-	-	-	-
Manappuram Foundation	0.68	0.51	-	-	-	-
Electricity Charge Received	**0.85**	**1.07**	-	-	-	-
Manappuram Jewellers Limited	0.73	0.95	-	-	-	-
Manappuram Foundation	0.12	0.12	-	-	-	-

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

Note 24 Related party disclosures

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Purchase of assets						
Manappuram Comptech and Consultants Ltd	2.50	-	-	-	-	-
Rent, Electricity, telephone and printing charges Received						
Manappuram Foundation	2.66	0.16	-	-	-	-
Consultation Charge Paid						
Manappuram Construction and Properties Limited	-	0.87	-	-	-	-
Monthly usage charges paid	0.78	-	-	-	-	-
Manappuram Comptech and Consultants Ltd						
Repayment of loan from Directors						
Mr. V.P.Nandakumar	-	-	0.00	1.80	-	-
Balance outstanding as at the year end:						
Amounts payable (net) to related parties	-	-	27.84	20.23	1.18	2.65
Mr. V.P.Nandakumar	-	-	24.56	17.18	-	-
Mr. Raveendra Babu	-	-	3.28	3.05	-	-
Mrs. Rajalakshmi Raveendra Babu	-	-	-	-	-	1.60
Mrs. Shelly Ekalavyan	-	-	-	-	1.18	1.05

Note:

1. Related parties have been identified on the basis of the declaration received by the management and other records available.

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

Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018
(All amounts are in millions of Indian rupees unless otherwise stated)

Note 25: Employment benefits disclosures:

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying emoloyees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs 441.79 (March 31, 2017 - Rs. 368.45) for Provident Fund contributions and Rs. 161.51 (March 31, 2017 - Rs. 101.87) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure for each completed year of service. The group has funded the scheme either with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

	March 31, 2018	March 31, 2017
Current service cost	120.43	96.35
Interest cost on benefit obligation	28.21	23.83
Expected return on plan assets	(26.29)	(22.31)
Past Service Cost	6.40	-
Net actuarial (gain)/loss recognized in the year	5.29	2.98
Net (benefit) / expense	134.04	100.85
Actual return on plan assets	19.94	23.97

Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

	March 31, 2018	March 31, 2017
Defined benefit obligation	(499.30)	(406.87)
Fair value of plan assets	412.82	323.02
Asset/(liability) recognized in the balance sheet	(86.48)	(83.85)
Experience adjustments on on plan liabilities (Gain) / Loss	21.69	(7.85)
Experience adjustments on plan assets Gain / (Loss)	(6.59)	(1.74)

	March 31, 2016	March 31, 2015
Defined benefit obligation	(319.37)	(221.20)
Fair value of plan assets	254.10	181.97
Asset/(liability) recognized in the balance sheet	(65.27)	(39.23)
Experience adjustments on on plan liabilities (Gain) / Loss	5.24	(16.58)
Experience adjustments on plan assets Gain / (Loss)	(1.57)	4.32

	March 31, 2014
Defined benefit obligation	(151.07)
Fair value of plan assets	141.96
Asset/(liability) recognized in the balance sheet	(9.11)
Experience adjustments on on plan liabilities (Gain) / Loss	0.45
Experience adjustments on plan assets Gain / (Loss)	(1.02)

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Note 25: Employment benefits disclosures:

Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	405.37	319.37
Interest cost	28.21	23.83
Current service cost	120.43	96.35
Benefits paid	(59.20)	(38.20)
Past Service Cost	6.40	-
Actuarial loss / (gain) on obligation	(1.91)	4.02
Closing defined benefit obligation	499.30	405.37

Changes in the fair value of plan assets are as follows:

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	324.14	254.10
Expected return	26.29	22.31
Contributions by employer	128.79	82.26
Benefits paid	(59.20)	(38.20)
Actuarial gains / (losses)	(7.20)	3.67
Closing fair value of plan assets	412.82	324.14
Expected contribution to fund to be made in the next year	100.00	70.00

The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:

A) Holding Company

Manappuram Finance Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Expected rate of return on assets	6.9%	7.5%

B) Subsidiary Companies

(i) Asirvad Microfinance Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.7%	7.3%
Attrition rate	16%	16%

(ii) Manappuram Home Finance Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	6.9%	6.3%
Attrition rate		
- Above Managerial grade	15%	15%
- Below Managerial grade	50%	50%
Expected rate of return on assets	6.3%	6.3%

(iii) Manappuram Insurance Brokers Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.1%	6.6%
Attrition rate	20%	20%

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.

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

Note 25: Employment benefits disclosures:

The principal assumptions used in determining leave encashment obligations for the Group's plans are shown below:

A) Holding Company
Manappuram Finance Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.3%	6.9%
Attrition rate	15%	15%
Salary escalation	8.0%	8.0%

B) Subsidiary Company
Asirvad Microfinance Limited

Particulrs	March 31, 2018	March 31, 2017
	%	%
Discount rate	7.6%	7.8%
Attrition rate	16%	16%
Salary escalation	10.0%	10.0%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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Note 26: Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. 190.04 as at March 31, 2018 (March 31, 2017 - Rs. 83.87).

(ii) The Company has entered into an agreement for outsourcing of Information Technology support in April 2011 for a period of 10 years with an annual expense of Rs. 270.

Note 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

Particulars	Rs. In Million
i) Income Tax Demands under appeal before The Commissioner of Income Tax (Appeals) for the Assessment Years 2011-12, 2012-13, 2014-15 & 2015-16.	894.35
ii) Kerala Value Added Tax demands under appeal pending before The Deputy Commissioner for the Assessment Years 2009-10, 2012-13 and 2014-15 (Exluding Penatly and Intetest, if any)	49.86
iii) Andhra Pradesh Value Added Tax demand under appeal pending before The Deputy Commissioner for the Assessment Year 2011-12.	1.68
iv) Service Tax demands under appeal pending before The Central Excise, Service Tax Appellate Tribunal for the Assessment Years 2006-07 and 2008-09	0.93
Total	**946.82**

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Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018

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

Note 28:
Lease Disclosures

Operating Lease :
The Company has operating lease agreements primarily for office spaces, the lease terms of which are different for each Company in the Group.

Particulars	March 31, 2018	March 31, 2017
Less than One Year	5.37	14.37
One Year to Five Years	3.26	16.46
Later than Five Years	-	-

Finance Leases:
The Group has finance lease for Vehicles and Computers. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

a) Computer

	March 31, 2018	March 31, 2017
Total minimum lease payments at the year end	145.77	68.08
Less: amount representing finance charges	14.23	7.25
Present value of minimum lease payments	131.54	60.83
Lease payments for the year	37.54	33.50
Minimum lease Payments:		
Not less than one year	85.27	50.79
Later than one year but not later than five years	60.50	17.29

b) Vehicles

	March 31, 2018	March 31, 2017
Total minimum lease payments at the year end	10.55	10.62
Less: amount representing finance charges	0.99	1.35
Present value of minimum lease payments	9.56	9.27
Minimum lease Payments:		
Not less than one year	5.69	4.05
Later than one year but not later than five years	4.86	6.57

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Note 33: Derivatives

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the Group has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2018, the Group has recognised a net Market to Market (MTM) loss of Rs. 66.62 (March 31, 2017 Rs.83.97) relating to derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedging Reserve Account as part of the Shareholders' funds

Particulars	March 31, 2018	March 31, 2017
At the Beginning of the year	(22.96)	-
Net Movement	10.13	(22.96)
At the end of the Year	**(12.83)**	**(22.96)**

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	3,04,725
Currency Swaps	2	2,21,89,567	2	10,25,93,177

Type of Derivatives	March 31, 2018		March 31, 2017	
	No of contracts	Value Rs. In million	No of contracts	Value Rs. In million
Forward Contracts entered into hedge the currency risk of future interest payments	-	-	6	19.76
Currency Swaps	2	1,446.21	2	6,653.17

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	March 31, 2018	March 31, 2017
i) The notional principal of swap agreements	1,446.21	6,653.17
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	1,446.21	6,653.17

Exchange Traded interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives
Qualitative disclosures
The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	March 31, 2018	March 31, 2017
i) Derivatives (Notional principal amount)		
For Hedging	1,446.21	6,653.17
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(66.62)	(83.97)
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

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

Note: 29):Under Recovery of Interest Income
The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2018, the Company has not recognized interest income aggregating to Rs. 24.30 (March 31, 2017 - Rs 143.00).

Note: 30) During the year there have been certain instances of fraud on the Company by officer and employees , where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating an amount of Rs.154.06 (March 31, 2017 - Rs.103.30) of which the Company has recovered Rs. 14.96 (March 31, 2017 - Rs. 64.88). The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable. The Company has created provision aggregating to Rs. 139.10 (March 31, 2017 - Rs 31.99) towards these losses based on its estimate.

Note: 31) Goodwill on Consolidation
Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2018.

Note 32) Additional disclosure as per Schedule III of Companies Act 2013

For the year March 31, 2018

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.43%	38,144.83	104.36%	7,001.69
Manappuram Home Finance Limited	-0.21%	(78.75)	-0.12%	(8.05)
Manappuram Insurance Brokers Limited	0.03%	11.97	0.20%	13.47
Asirvad Microfinance Limited	0.74%	284.00	-4.81%	(323.01)
Minority Interest in subsidiary			0.37%	24.86

For the year March 31, 2017

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	98.31%	33,050.18	95.41%	7,236.67
Manappuram Home Finance Limited	-0.16%	(53.29)	-0.12%	(9.00)
Manappuram Insurance Brokers Limited		0.95	-0.09%	(6.78)
Asirvad Microfinance Limited	1.84%	620.11	4.45%	337.59
Minority Interest in subsidiary			0.35%	26.42

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Manappuram Finance Limited
Notes forming part of the Consolidated Financial statements for the year ended March 31, 2018

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

Note 34(i) Details of Financial Assets sold to Securitisation Company

Particulars	March 31, 2018	March 31, 2017
Total number of loan assets securitized during the year	3,70,839	1,25,860
Book value of loan assets securitized during the year (Rs. In Millon)	5,489.56	1,717.78
Sale consideration received during the year	4,973.16	1,673.30
MFL Loans subordinated as Credit Enhancement on Assets Derecognised	516.40	44.48
Gain / (loss) on the securitization transaction recognised in P&L	-	1.07
Quantum of Credit Enhancement provided on the transactions in the form of deposits	324.05	83.11
Quantum of Credit Enhancement as at year end	324.05	63.10
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	221.57	158.76

Note 34(ii) Details of Assignment transactions

Particulars	March 31, 2018	March 31, 2017
(i) Number of Accounts	1,466	-
(ii) Aggregate value (net of provisions) of accounts sold	552	-
(iii) Aggregate consideration	502	-
(iv) Aggregate consideration realized in respect of accounts	-	-
(v) Aggregate gain / loss over net book value	-	-

Note 35) Marketing Commission

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based on slab rates specified according to the terms of the agreements. The Company has received an amount of Rs. 283.65 (March 31, 2017 - Rs. 178.41) towards commission for the marketing of solar lamps, mobile phones and cookware.

Note: 36) Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a)Gross Amount required to be spent by the Company during the year	145.03	89.81

b)Amount spent during the year ending on March 31, 2018	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	110.02	-	110.02

c)Amount spent during the year ending on March 31, 2017	In Cash / Cheque	Yet to be paid in Cash	Total
i) Construction/Acquisition of Assets	-	-	-
ii) On purpose other than (i) above	116.40	-	116.40

Note: 37) The comparative financial information of the Company for the year ended March 31, 2017 have been audited by the previous Auditor.

Note: 38) Previous year figures

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

For and on behalf of the Board of Directors

V.P. Nandakumar
Managing Director & Chief Executive Officer
DIN: 00044512

B.N. Raveendra Babu
Executive Director
DIN: 00043622

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 18, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Manappuram Finance Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Manappuram Finance Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

S.R. Batliboi & Associates LLP, Chennai, Chartered Accountants

S.R. Batliboi & Associates LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office: 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the directors of the Group's companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies refer to our separate report in "Annexure 1" to this report; and

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

   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 including derivative contracts   Refer Note 6 to the consolidated financial statements in respect of such items as it relates to the Group.

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

iii. Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries during the year ended March 31, 2017.

Particulars	Rs. In Million	Date of payment	No of days delay
Unpaid dividend 2008-09	0.47	24/10/2016	1
Unpaid Matured deposits	0.01	21/10/2016	One instance of 34 days and one instance of 69 days respectively

iv. The Holding Company and all but one subsidiaries have provided requisite disclosures in Note 35 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the management of the Holding Company. However, as stated in note 35 in the consolidated financial statements, certain borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence to report on the matter including details of denomination wise details of such deposits, as such the details as represented to us, are not available with the Company. Further, as stated in Note 35 in the consolidated financial statements and based on information and explanation provided to us, we report that there have been non-permitted transactions aggregating Rs.82.60 million. One of the subsidiary companies is unable to provide information on the details of specified bank notes and other denominations in the balances reported as at specified dates and the information on the cash transactions as required under the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended. Accordingly we were unable to verify such disclosure as we have not been able to obtain sufficient and appropriate audit evidence and perform sufficient audit procedures on the details of specified bank notes and other denomination notes in the balances reported as at specified dates and the transactions during the period.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries whose financial statements include total assets of Rs.19,632 million and net assets of Rs.2,652.92 million as at March 31, 2017, and total revenues of Rs.3,448.08 million and net cash inflows of Rs.197.21 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

per Bharath N S
Partner
Membership Number: 210934
Place of Signature: Chennai
Date: May 25 2017

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

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

	Note No.	As at March 31, 2017	As at March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,683.80	1,682.41
Reserves and surplus	4	31,934.15	25,897.95
		33,617.95	27,580.36
Minority Interest		238.43	212.01
Non-current liabilities			
Long-term borrowings	5	31,224.10	16,000.07
Other long term liabilities	6	1,134.50	1,237.80
Long-term provisions	9	112.99	31.91
		32,471.59	17,269.78
Current liabilities			
Short-term borrowings	7	62,809.43	67,674.23
Trade Payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		719.12	250.71
Other current liabilities	8	20,114.61	14,653.32
Short-term provisions	9	1,550.60	751.13
		85,193.76	83,329.39
TOTAL		151,521.73	128,391.54
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10A	1,832.10	1,915.46
Intangible assets	10B	31.10	32.21
Capital work-in-progress		6.28	-
Goodwill on consolidation		355.65	355.65
Non-current investments	11A	50.53	50.53
Deferred tax assets (net)	12	777.16	433.86
Long-term loans and advances	13	8,139.04	5,377.25
Other Non current assets	14	1,274.07	1,296.09
		12,465.93	9,461.05
Current assets			
Current investments	11B	-	440.08
Cash and bank balances	15	5,226.90	6,044.75
Short-term loans and advances	13	130,277.61	108,475.73
Other current assets	14	3,551.29	3,969.93
		139,055.80	118,930.49
Total		151,521.73	128,391.54

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

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

per Bharath NS
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar
MD & CEO

B. N. Raveendra Babu
Executive Director

Kapil Krishan
Chief Financial Officer

Rajesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 25, 2017

Manappuram Finance Limited
Consolidated Statement of profit and loss for the year ended March 31, 2017

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

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	16	33,876.93	23,602.31
Other income	17	212.23	110.04
Total revenue		**34,089.16**	**23,712.35**
Expenses			
Finance costs	18	11,687.05	9,473.90
Employee benefits expense	19	5,025.82	4,300.90
Other expenses	20	5,087.55	3,895.91
Depreciation and amortization expense	21	631.54	557.81
Exceptional items (Refer Note 29)		-	25.32
Total Expenses		**22,431.96**	**18,228.52**
Profit before tax		**11,657.20**	**5,483.83**
Tax expenses			
Current tax		4,415.60	2,056.02
Deferred tax		(343.30)	(123.77)
Total tax expense		**4,072.30**	**1,932.25**
Profit for the year before minority interest		**7,584.90**	**3,551.58**
Less : Minority interest - Share of profit		26.42	17.90
Profit for the year		**7,558.48**	**3,533.68**
Earnings per equity share [nominal value of share Rs.2/-]	22		
Basic earnings per share (Rs/-)		8.98	4.20
Diluted earnings per share (Rs/-)		8.98	4.20
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

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

per Bharath NS
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar
MD & CEO

B. N. Raveendra Babu
Executive Director

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 25, 2017

Manappuram Finance Limited
Consolidated Cash flow Statement for the year ended March 31, 2017
(All amounts are in millions of Indian rupees unless otherwise stated)

	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Net profit before taxation	11,657.20	5,483.83
Depreciation and amortization	631.54	557.81
Profit on sale of fixed assets	(5.17)	(6.92)
Net gain on sale of current investments	(28.91)	(33.87)
Provision for standard assets	16.97	190.66
Bad debts/advances written off / provision for non performing assets and provision for doubtful advances	1,075.16	232.69
Amortisation of Forward contracts premium	89.77	-
Provision for Litigation claim	6.46	4.17
Operating profit before working capital changes	**13,443.02**	**6,428.37**
Movements in working capital :		
Increase/ (decrease) in trade payable	468.41	(8.90)
Increase/ (decrease) in other current liabilities and provisions	2,026.38	550.96
Increase/ (decrease) in long term provisions	11.28	24.69
Decrease / (Increase) in long-term loans and advances	(2,774.42)	(3,769.39)
Decrease / (Increase) in short-term loans and advances	(22,157.53)	(14,200.47)
Decrease / (Increase) in other current assets	329.46	2,232.65
Increase / (decrease) in Other long term liabilities	(187.27)	143.87
Cash generated from /(used In) operations	**(8,840.67)**	**(8,598.22)**
Direct taxes paid (net of refunds)	(4,170.15)	(1,821.31)
Net cash flow from/ (used in) operating activities (A)	**(13,010.82)**	**(10,419.53)**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(542.07)	(798.57)
Proceeds from sale of fixed assets	6.52	11.10
Purchase of current investments	-	(5,955.00)
Sale of current investments	468.99	7,666.99
Acquisition of subsidiaries	-	9.73
Redemption/ maturity of bank deposits (having original maturity of more than three months)	640.66	834.35
Investments in bank deposits (having original maturity of more than three months)	(1,019.65)	(1,052.34)
Net cash flow from/ (used in) investing activities (B)	**(445.55)**	**716.26**

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Manappuram Finance Limited
Consolidated Cash flow Statement for the year ended March 31, 2017
(All amounts are in millions of Indian rupees unless otherwise stated)

	March 31, 2017	March 31, 2016
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital	21.76	-
Proceeds from Institutional debentures (long term)	18,860.12	1,500.00
Repayment of Institutional debentures (long term)	(436.39)	(1,250.51)
Proceeds from issuance of public debentures	-	-
Repayment of Public debentures	(1,539.72)	(1,505.35)
Repayment of Retail Debenture	(94.65)	(451.82)
Proceeds from Commercial paper	87,246.61	70,266.49
Repayment of Commercial paper	(73,489.32)	(61,834.06)
Proceed from Vechile Loan	39.29	-
Repayment of Vechile Loan	(1.73)	(3.36)
Proceed from Finance Lease	27.01	81.03
Repayment of Finance Lease	(27.56)	(19.65)
Repayment of Subordinate Debt	(1,807.32)	(575.18)
Proceed from Term loan from Bank	103,820.00	120,890.00
Repayment of Term Loan from Banks	(120,004.10)	(122,836.29)
Proceeds from Foreign currency term loan - Bank	1,500.00	-
Proceeds from Foreign currency WCDL - Bank	5,500.00	-
Proceeds from Borrowings from others	-	3,412.80
Repayment of Borowings from others	-	(1,507.42)
Net proceeds / (Repayments) of borrowings from others	1,194.40	
Proceeds / (Repayment) in working capital bank borrowings	(6,956.29)	3,891.12
Repayment of Preference share capital in subsidiary	-	(50.00)
Preference dividend payment	-	(5.56)
Dividends paid	(1,262.56)	(1,892.74)
Tax on dividend paid	(257.02)	(385.31)
Net cash flow from/ (used in) in financing activities (C)	**12,332.53**	**7,724.20**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(1,123.84)**	**(1,979.07)**
Cash and cash equivalents at the beginning of the year	**4,789.86**	**6,767.25**
Add: Cash and cash equivalent acquired as part of subsidiary acquisition	-	1.67
Cash and cash equivalents at the end of the year	**3,666.02**	**4,789.86**

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Manappuram Finance Limited
Consolidated Cash flow Statement for the year ended March 31, 2017
(All amounts are in millions of Indian rupees unless otherwise stated)

	March 31, 2017	March 31, 2016
Components of cash and cash equivalents		
Cash on hand	1,082.62	1,269.65
With banks		
- in current account	2,017.63	3,000.64
- on Unpaid NCD trustee account	24.39	34.26
- in deposit account	-	-
- in escrow account*		
NCD public issue application money	-	-
Unpaid matured deposit account	0.07	0.07
Unpaid auction surplus deposit	510.40	446.71
Unpaid dividend account	30.91	38.53
Total cash and cash equivalents (note 15)	**3,666.02**	**4,789.86**

*The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.

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

per Bharath NS
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the board of directors

V.P. Nandakumar
MD & CEO

B. N. Raveendra Babu
Executive Director

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 25, 2017

Manappuram Finance Limited
Notes to the Consolidated financial statements for the year ended March 31, 2017

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

1) Nature of operations

Manappuram Finance Limited ('MAFIL' or 'the Company' or 'the Holding Company') was incorporated on July 15, 1992 in Thrissur, Kerala. The Company is a Non Banking Finance Company ("NBFC"), which provides a wide range of fund based and fee based services including gold loans, money exchange facilities, etc. The Company currently operates through 3,291 branches spread across the country. The Company is a Systemically important Non-Deposit taking NBFC.

The Company has three subsidiaries, Manappuram Home Finance Private Limited ('MHF'), Manappuram Insurance Brokers Private Limited ("Maibro") and Asirvad Microfinance Limited (formerly Asirvad Microfinance Private Limited) ('Asirvad') which is incorporated in India. The Company along with the Subsidiaries is collectively referred to as "Group".

MHF, a wholly owned subsidiary of the Company, was incorporated in the year 2010. MHF is a housing finance company registered with National Housing Bank under the provision of National Housing Bank Act, 1987.

Asirvad, was incorporated in the year 2007. Asirvad is a micro finance company registered with Reserve Bank of India under the provision of Reserve Bank of India Act, 1934. The Company acquired 84.98% share capital of Asirvad in FY 14-15. The Company has made further investment in year 15-16 and the shareholding as at March 31, 2017 is 90.38%.

Maibro, a wholly owned subsidiary of the Company, was incorporated in the year 2002 is a Company registered with IRDA.

The Consolidated Financial Statements ('the CFS') relate to the Group. The CFS has been prepared in accordance with (AS 21) "Consolidated Financial Statements", under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014

The subsidiaries companies considered in these consolidated financial statements are:

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest
Manappuram Home Finance Private Limited	Subsidiary	India	100%
Asirvad Microfinance Limited	Subsidiary	India	90.38%
Manappuram Insurance Brokers Private Limited	Subsidiary	India	100%

2) Basis of preparation

a) The CFS of the Group has been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The management has prepared these CFS to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 the guidelines issued by the Reserve Bank of India as applicable to a non deposit accepting NBFC and the guidelines issued by the National Housing Board (NHB) as applicable to a non deposit

accepting NBFC. The CFS has been prepared under the historical cost convention and on an accrual basis except for interest and discounts on non-performing assets which are recognized on realization basis.
The accounting policies adopted in the preparation of CFS are consistent with those of previous year, except for the changes required as per the Companies (Accounting Standards) Amendment Rules, 2016

b) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2017 and Statement of profit and loss and cash flows of the Company and its Subsidiaries for the year ended March 31, 2017.

c) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2017.

d) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

e) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

f) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill being an asset in the consolidated financial statements.

g) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

2.1) Statement of significant accounting policies

a) Use of estimates

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

b) Property Plant and Equipment

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

c) Depreciation

Depreciation is provided using straight line method (except for one of the subsidiaries, which is following written down value method) at the following rates, which is management's estimate of the useful lives of the assets:

Nature of asset	Useful life in years
Computer equipment	
- End user equipment	3
- Server*	3-6
Furniture and fixtures	
- Safe and strong rooms	10
- Others*	3-10
Office equipment *	3-10
Buildings	30
Vehicles	8
Plant & machinery	15

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

d) Intangible assets – Computer software & licenses

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

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

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

e) Impairment of tangible and intangible assets

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

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

f) Leases

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to

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achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

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

g) Investments

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

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

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h) Revenues

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

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

Income on securitization

In respect of the receivables securitized / assigned, losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenor of the transaction. Reversal of gains proportionate to the amount prepaid by the borrowers is also provided for during the year of prepayment.

Others

Commission income on marketing of products is recognised accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement.

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

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

Fee income on loans sourced on behalf of other business partners is recognized on accrual basis according to the terms of the agreement.

Loan processing fee is recognized upfront by the Group except in one subsidiary where loan processing fee is recognized over the life of the loan on a straight line basis.

Commission from insurance companies is being recognised on acceptance of insurance policy by the insurance companies.

l) 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.

j) Leave benefit plan

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet considering the absence of unconditional right to defer its settlement.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

k) Foreign currency transactions

(i) *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) *Exchange Differences*

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous CFS, are recognized as income or as expenses in the year in which they arise.

(iv) *Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability*

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contract (other than firm commitment or highly probable forecast transaction) is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with the following

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset
b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(v) *Derivative instruments and hedge accounting*

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of set out in Guidance note on Derivative Contracts issued by ICAI.

The use of derivative contracts is governed by the Company's policies on the use of such derivative consistent with the Company's risk management strategy. The company doesn't use the derivative financial instrument for speculative purposes.

Derivative contracts are initially measured at fair value and re-measured at subsequent reporting dates. Change in fair value of these Derivative contracts are designated and effective as hedges of future cash flows are recognized directly in "Hedge Reserve Account" under shareholders' Funds and the ineffective portion is recognized immediately in Statement of Profit and Loss.

Changes in fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in statement of Profit and Loss as they arise.

The amounts recognized in the Hedge Reserve are transferred to the statement of Profit and loss when the hedged transaction crystalises.

If the forecast transactions are no longer expected to occur, the cumulative gain or loss previously recognized in the hedge reserve is transferred to Statement of Profit and Loss.

Hedge Accounting is discontinued when the hedging instrument expires or sold, terminated or exercised, or no longer qualifies for hedge accounting. If any if any of these events occur or if a hedge transaction is no longer expected to expected to occur, the net cumulative gain or loss recognized under Shareholders' Fund is transferred to the Statement of Profit and Loss for the year.

l) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

m) Income Tax

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

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

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

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

n) Earnings per share

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

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

o) Provisions

(i) A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present

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value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

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

(ii) Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date.

p) Segment reporting

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

q) Cash and Cash Equivalents

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

r) Ancillary borrowing costs

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

s) Securities issue expenses

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

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

t) Insurance claims

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

u) Surplus on auction of pledged gold

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

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v) Expenditure on Corporate Social Responsibility (CSR)

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the CFS as there is no indication of the uncertainties relating to any outflow.

x) Goodwill on acquisition

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized in statement of profit loss.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 3
SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016
Authorized shares		
980,000,000 (March 31, 2016: 980,000,000) equity shares of Rs.2/- each	1,960.00	1,960.00
400,000 (March 31, 2016: 400,000) redeemable preference shares of Rs.100/- each	40.00	40.00
Issued, subscribed and fully paid-up shares		
Equity shares		
841,899,636 (31 March 2016: 841,207,136) equity shares of Rs.2/- each	1,683.80	1,682.41
Total issued, subscribed and fully paid-up share capital	**1,683.80**	**1,682.41**

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2017		March 31, 2016	
	No. millions	Rs. (in millions)	No. millions	Rs. (in millions)
At the beginning of the year	841.20	1,682.41	841.20	1,682.41
Issued during the year - ESOP	0.69	1.39	-	-
Outstanding at the end of the year	**841.89**	**1,683.80**	**841.20**	**1,682.41**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shareholders was Rs.1.50 per share (31 March 2016: Rs 2.25/- per share).

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

c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2017	March 31, 2016
	No. millions	No. millions
Equity shares allotted as fully paid bonus shares by capitalization of securities premium, general reserve and capital redemption reserve.	614.56	614.56

In addition, the Company has issued 746,500 equity shares (March 31, 2016: 11,213,880) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

d. Details of shareholders holding more than 5% shares in the Company (Equity shares of Rs.2/- each fully paid)

	March 31, 2017		March 31, 2016	
	No. millions	% holding in the class	No. millions	% holding in the class
Mr.Nandakumar V P	237.57	28.22	230.94	27.45
Ms Sushama Nandakumar	48.00	5.70	48.00	5.71
Baring India Private Equity Fund III	47.62	5.66	79.36	9.43

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

NOTE: 4

RESERVES AND SURPLUS

	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Balance as per the last Consolidated Financial Statements	13,699.16	13,699.05
Add: additions on ESOPs exercised	20.26	-
Closing Balance	13,719.42	13,699.05
Statutory reserve pursuant to Section 45 IC of The RBI Act, 1934		
Balance as per the last Consolidated Financial Statements	4,385.49	3,660.75
Add: On acquisition		2.33
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,521.12	722.41
Closing Balance	5,906.61	4,385.49
Debenture Redemption reserve		
Balance as per the last Consolidated Financial Statements	718.95	549.04
Add: amount transferred from surplus balance in the Statement of Profit and Loss (refer note 4 (b))	102.26	169.91
Closing Balance	821.21	718.95
Capital Redemption reserve		
Balance as per the last Consolidated Financial Statements	50.00	
Add: amount transferred from surplus balance in the Statement of Profit and Loss	-	50.00
Closing Balance	50.00	50.00
General reserve		
Balance as per the last Consolidated Financial Statements	3,885.08	3,885.08
Closing Balance	3,885.08	3,885.08
Hedge Reserve		
Balance as per the last financial statements		
Gains/(Losses) arising during the year	(22.96)	-
	(22.96)	-

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 4
RESERVES AND SURPLUS

	As at March 31, 2017	As at March 31, 2016
Surplus in the Consolidated Statement of Profit and Loss		
Balance as per the last Consolidated Financial Statements	3,159.29	2,851.54
Profit for the year	7,558.48	3,533.68
Less: Appropriations		
Transfer to debenture redemption reserve	102.26	169.91
Interim dividend on equity shares	1,262.56	1,892.74
Tax on interim dividend on equity shares	257.02	385.31
Dividend distributed to Preference shares holders by subsidiary	-	5.56
Transfer to Statutory reserve	1,521.12	722.41
Transfer to Capital redemption reserve	-	50.00
Total appropriations	3,142.96	3,225.93
Net surplus in the Consolidated statement of Profit and Loss	**7,574.81**	**3,159.29**
Total reserves and surplus	**31,934.15**	**25,897.95**

Notes:
a) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date 19th June 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

b) In respect of the debentures issued through public issue, the Company has created DRR of Rs 821.21 as at March 31, 2017(Previous Year March 31, 2016 Rs.718.95). The Company subsequent to the year-end has deposited a sum of Rs. 291.20 (previous year March 31,2016 Rs 189.08) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2017.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 5
Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sub-ordinated debt (Unsecured)				
Subordinate debt from banks	-	500.00	500.00	1,000.00
Subordinate bonds from others	63.99	417.99	353.99	807.31
Debentures (Secured)				
Non-convertible Debentures - Private placement	21,561.05	3,803.13	1,519.76	948.60
Non-convertible Debentures - Public issue	578.10	3,284.84	2,706.74	1,539.72
Term loans				
Indian rupee loan from banks (secured)	5,461.25	6,615.90	8,738.41	6,891.19
Foreign Currency Term Loan from banks (secured)	1,438.99	-	-	-
Indian rupee loan from others (secured)	2,074.36	1,348.35	1,924.10	1,327.65
Indian rupee loan from others (Unsecured)	-	-	31.27	157.53
Vehicle loans (Secured)	30.46	-	8.55	1.45
Finance lease obligation (secured)	15.90	29.86	44.93	31.52
	31,224.10	16,000.07	15,827.75	12,704.97
The above amount includes				
Secured borrowings	31,160.11	15,082.08	14,942.49	10,740.13
Unsecured borrowings	63.99	917.99	885.26	1,964.84
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(15,827.75)	(12,704.97)
Net amount	31,224.10	16,000.07	-	-

A) Indian rupee loan from banks (secured)

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 1-2 years	9.60 -10.45%	795.83	-
Due within 1 year	9.60 -10.70%	-	4,841.67
Total		795.83	4,841.67

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Particulars	Non current portion	Current Maturities
Base Rate+Spread	2,606.37	3,653.29
Total	2,606.37	3,653.29

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Particulars	Non current portion	Current Maturities
Fixed	2,059.05	243.45
Total	2,059.05	243.45

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 5
Long-term borrowings
As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within 2-5 years	10.45 -11.30%	423.08	-
Due within 1-2 years	9.95 -11.30%	3,825.77	-
Due within 1 year	9.50 -11.30%	-	5,160.77
Total		**4,248.85**	**5,160.77**

These are secured by an exclusive charge by way of hypothecation of book debts pertaining to loans granted against gold and margin/cash collateral as per the agreement. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing Director and CEO.

Particulars	Non current portion	Current Maturities
Base Rate	1.55	11.26
Base Rate+Spread	1,590.11	1,594.39
Fixed	100.00	100.00
Total	**1,691.66**	**1,705.65**

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

As at March 31, 2016

Particulars	Non current portion	Current Maturities
Fixed	675.00	25.00
Total	**675.00**	**25.00**

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Manappuram Home Finance which are regular as per NHB Guidelines.

B) Indian rupee loan from others (Unsecured)

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	31.27
Total		-	**31.27**

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Maturities
Due within One year	12.30 -13.75 %	-	157.53
Total		-	**157.53**

C) Vehicle loans (Secured loans)

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Later than one year and not later than five years	30.46		30.46
Due within 1 year	8.55	-	8.55
Grand Total	**39.01**	-	**39.01**
Non current portion			**30.46**
Current Maturities			**8.55**

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 5
Long-term borrowings

As at March 31, 2016

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest		
	< 10%	>= 10% < =12%	Total
	Amount	Amount	Amount
Due within 1 year	0.47	-	0.47
Grand Total	**0.47**	**-**	**0.47**

Non current portion -
Current Maturities 0.47

The loans are secured by hypothecation of the respective vehicles against which the loan has been availed.

D. Subordinate debt from banks as at March 31, 2017 aggregating Rs. Nil (March 31, 2016 Rs 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 Rs 500 as at March 31, 2017, (Rs 500 Mil as at March 31, 2016) which carries an interest rate of 13.55% (floating - BR + 3.30%) is repayable at the end of five years and six months from the date of the loan viz. January 28, 2012.

E. Finance lease obligation is secured by hypothecation of Computers taken on lease. The interest rate implicit in the lease is 11% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 12 quarterly instalments of approx. Rs. 9.88 million (March 31, 2016 - Rs. 7.41) each.

F. Foreign currency loan:
1) Rs. 1,000 as at March 31, 2017 which carries interest @ LIBOR plus 265bps. The loan is repayable after 3 years from the date of its origination, viz., 9 May 2016.
2) Rs. 500 as at March 31, 2017 which carries interest @ LIBOR plus 215bps. The loan is repayable after 3 years from the date of its origination, viz., 22 December 2016.
The loans are secured against the first pari passu charge on current assets, book debts and receivables including gold loans & advances of the Company. Further, the loan has been guaranteed by personal guarantee of Mr. V.P Nandakumar, Managing

G) Indian rupee loan from others (secured)
As at March 31, 2017

Particulars	Non current portion	Current Maturities
Base Rate+Spread	-	-
Fixed	2,074.36	1,924.10
Total	**2,074.36**	**1,924.10**

As at March 31, 2016

Particulars	Non current portion	Current Maturities
Base Rate+Spread	378.71	164.44
Fixed	970.03	1,163.21
Total	1,348.74	1,327.65

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(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 Rs 1,000/- each. Details of rate of interest and maturity pattern from the date of the balance sheet is as under:

As at March 31, 2017

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14% <=15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	1,472	1.47	3,542	3.54	5,014	5.01
Due within 4-5 years	-	-	18,452	18.45	12,463	12.46	30,915	30.91
Due within 3-4 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 2-3 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 1-2 years			-	-	4,965	4.97	4,965	4.97
Due within 1 year	-	-	139,795	139.80	214,189	214.19	353,984	353.99
Grand Total	7,270	7.27	173,245	173.25	237,468	237.47	**417,983**	**417.98**

Non-current portion	63.99
Current maturities	353.99
Total	**417.98**

As at March 31, 2016

Redeemable at par within	Rate of interest							
	< 12%		>= 12% < 14%		> =14%<15%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due above 5 years	-	-	19,924	19.92	16,005	16.01	35,929	35.93
Due within 4-5 years	6,857	6.86	10,589	10.59	-	-	17,446	17.44
Due within 3-4 years	413	0.41	2,937	2.94	2,309	2.31	5,659	5.66
Due within 2-3 years	-	-	-	-	4,965	4.97	4,965	4.97
Due within 1-2 years			139,795	139.79	214,189	214.19	353,984	353.99
Due within 1 year	-	-	531,843	531.84	275,466	275.47	807,309	807.31
Grand Total	7,270	7.27	705,088	705.08	512,934	512.95	1,225,292	1,225.30

Non-current portion	417.99
Current maturities	807.31
Total	**1,225.30**

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)
Debentures (Secured)

1) Private placement retail - Redeemable Non Convertible Debentures of Rs. 1,000/- each.
As at March 31, 2017
Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 2-3 years		-	-	-	-	-	-	-	-	-
Due within 1-2 years	-	-		-	1,105,068	1,105.07	426,990	426.99	1,532,058	1,532.06
Due within 1 year	-	-	20,000	20.00	104,961	104.96	167,097	167.10	292,058	292.06
Grand Total	-	-	**20,000**	**20.00**	**1,210,029**	**1,210.03**	**594,087**	**594.09**	**1,824,116**	**1,824.12**

Non-current portion	1,532.06
Current maturities	292.06
Total	**1,824.12**

As at March 31, 2016
Terms of repayment

Redeemable at par within	Rate of interest									
	< 10%		>= 10% < 12%		>= 12% < 14%		>= 14% < 16%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	-	-	-	-	-	-	-		-	-
Due within 3-4 years	-	-	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	-	-	1,146,540	1,146.54	434,038	434.04	1,580,578	1,580.58
Due within 1-2 years	-	-	20,000	20.00	104,961	104.96	167,267	167.27	292,228	292.23
Due within 1 year	-	-	7,500	7.50	38,115	38.12	336	0.34	45,951	45.96
Grand Total	-	-	**27,500**	**27.50**	**1,289,616**	**1,289.62**	**601,641**	**601.65**	**1,918,757**	**1,918.77**

Non-current portion	1,872.81
Current maturities	45.96
Total	**1,918.77**

Nature of Security
Secured by a floating charge on the book debts of the Company on gold and other unencumbered assets. The Company shall maintain 100% security cover on the outstanding balance of debenture with accrued interest any time. Debentures are offered for a period of 366 days to 65 Months.

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(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 Rs. 100,000/- each

As at March 31, 2017
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	
	Nil	Nil			
Total	-	-			

As at March 31 2016
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	
17-Jun-11	400	40.00	12.50%	17-Jun-16	
27-May-11	84	8.40	12.25%	27-May-16	
27-May-11	3,880	388.00	12.50%	27-May-16	
Total	4,364	436.40			

Non-current portion	-
Current maturities	436.40
Total	**436.40**

Secured by first pari passu charge on the receivable of the Company with minimum asset cover ratio of 1.10 times and immovable property. Immovable property shall mean the commercial premises of the Company at Kole Kalyan, Santacruz

iii) Private Placement -Institutional Issue of Redeemable Non-convertible Debentures of Rs. 1,000,000/- each

As at March 31, 2017
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.55%	31-Dec-17	None
9-Jan-13	116	116.00	12.40%	09-Jan-18	None
1-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
24-May-16	750	750.00	10.50%	04-Apr-18	None
24-May-16	750	750.00	10.50%	08-Apr-18	None
28-Jun-16	400	400.00	9.80%	28-Jun-19	None
28-Jul-16	1,400	1,400.00	10.30%	28-Jul-18	None
5-Aug-16	1,000	1,000.00	10.31%	28-Dec-18	None
5-Aug-16	1,500	1,500.00	10.31%	15-Mar-18	None
23-Aug-16	750	750.00	10.20%	22-Mar-18	None
26-Aug-16	500	500.00	10.25%	26-Aug-19	None
31-Aug-16	2,000	2,000.00	10.20%	20-Dec-18	None
15-Sep-16	2,000	2,000.00	10.15%	15-Sep-19	None
27-Sep-16	1,500	1,500.00	10.05%	20-Mar-19	None
14-Oct-16	2,500	2,500.00	9.99%	14-Oct-19	None
Total	15,847	15,847.00			

Non-current portion	15,080.00
Current maturities	767.00
Total	15,847.00

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)
As at March 31, 2016
Terms of repayment

Date of allotment	Number	Amount outstanding	Interest Rate	Redeemable at par on	Put and Call option
31-Dec-12	400	400.00	12.80%	31-Dec-17	None
09-Jan-13	116	116.00	12.40%	09-Jan-18	None
01-Feb-13	250	250.00	12.80%	01-Feb-18	None
20-Mar-13	1	1.00	12.40%	20-Mar-18	None
20-Mar-13	30	30.00	13.25%	20-Mar-23	None
Total	797	797.00			

Non-current portion	797.00
Current maturities	-
Total	797.00

Nature of Security
Secured by present and future gold loan receivable of the Company with minimum asset cover ratio of 1.10 times.

iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each

As at March 31, 2017
Terms of repayment

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
05-Apr-14	585,064	585.06	12.25%	05-Apr-17
05-Apr-14	315,100	315.10	12.50%	05-Apr-17
18-Oct-14	1,137,977	1,137.98	11.50%	18-Oct-17
18-Oct-14	668,597	668.60	11.75%	18-Oct-17
28-Jan-14	4,919	4.92	11.50%	28-Jan-19
28-Jan-14	11,140	11.14	12.00%	28-Jan-19
05-Apr-14	5,012	5.01	11.50%	05-Apr-19
05-Apr-14	8,447	8.45	12.00%	05-Apr-19
18-Oct-14	22,024	22.02	11.25%	18-Oct-19
18-Oct-14	12,970	12.97	11.50%	18-Oct-19
28-Jan-14	175,298	175.30	12.61%	28-Nov-19
05-Apr-14	187,771	187.77	12.61%	05-Feb-20
18-Oct-14	150,523	150.52	11.70%	18-Jan-21
Total	3,284,842	3,284.84		

Non-current portion	578.10
Current maturities	2,706.74
Total	3,284.84

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

Note 5 (contd.)
As at March 31, 2016
Terms of repayment:

Date of allotment	Number	Amount	Interest Rate	Redeemable at par on
5-Apr-11	137,579	137.58	11.50%	5-Apr-16
5-Apr-14	264,285	264.29	12.00%	5-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
5-Apr-14	585,064	585.06	12.25%	5-Apr-17
5-Apr-14	315,100	315.10	12.50%	5-Apr-17
18-Oct-14	1,137,927	1,137.93	11.50%	18-Oct-17
18-Oct-14	658,647	658.65	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
5-Apr-14	5,012	5.01	11.50%	5-Apr-19
5-Apr-14	8,447	8.45	12.00%	5-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
5-Apr-14	187,771	187.77	12.61%	5-Feb-20
18-Oct-14	150,525	150.52	11.70%	10-Jan-21
Total	4,824,558	4,824.56		

Non-current portion	3,284.84
Current maturities	1,539.72
Total	4,824.56

Nature of Security

Secured by mortgage of the immovable property of the Company and a charge on all book debts and other current assets as duly described in the debenture trust deed except those receivables exclusively charged, on a first ranking pari passu basis with all other lenders to the Company holding pari passu charge over security.

The Company shall maintain an asset cover of at least 1.10 times of the outstanding amount of debenture, at all times, till the debentures are completely redeemed.

v) Secured, Redeemable Non-convertible Debentures
As at March 31, 2017

Date of Allotment	No.of. Debentures	Face Value	Balance as at 31 March 2017	Int Rate	Due date of redemption
28-Sep-16	750	1,000,000	750.00	11.35%	1-Jul-22
28-Sep-16	2,500	100,000	250.00	11.45%	19-Mar-19
17-Oct-16	1,500	100,000	150.00	11.45%	15-Apr-19
29-Mar-16	700	1,000,000	700.00	13.27%	1-Sep-20
19-May-16	330	1,000,000	330.00	13.27%	1-May-21
13-May-16	100	1,000,000	100.00	14.50%	1-Dec-20
13-Jul-16	150	1,000,000	150.00	13.50%	1-Jul-19
13-Jul-16	250	1,000,000	250.00	13.50%	1-Jun-22
30-Dec-16	500	1,000,000	500.00	13.00%	1-Dec-22
17-Mar-17	350	1,000,000	350.00	13.00%	1-Jun-22
15-Mar-17	250	1,000,000	250.00	13.00%	1-Jan-22
28-Dec-16	150	1,000,000	150.00	13.00%	1-Jun-23
1-Jul-16	333	100,000	299.70	12.80%	1-Jul-19
12-Aug-16	400	100,000	400.00	12.25%	1-Aug-19
19-Aug-16	500	1,000,000	500.00	12.20%	1-Aug-19
4-Nov-16	380	1,000,000	380.00	12.00%	1-Nov-19
Total	9,043		5,409.70		

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note 5 (contd.)

Non-current portion	4,949.00
Current maturities	460.70
Total	**5,409.70**

As at March 31, 2016

Date of Allotment	No.of Debentures	Face Value	Balance as at 31 March, 2016	Int Rate	Due date of redemption
07-Apr-14	120	500,000	2.50	14.00%	01-Apr-16
30-Jul-14	65	1,000,000	10.83	13.75%	16-Jul-16
16-Sep-14	75	1,000,000	18.75	13.25%	16-Sep-16
31-Jul-14	100	1,000,000	33.33	12.55%	17-Jan-17
02-Dec-14	140	1,000,000	46.67	13.50%	16-Dec-16
23-Jan-15	150	1,000,000	62.50	13.25%	17-Jan-17
13-May-15	100	1,000,000	100.00	14.50%	18-Dec-20
23-Jul-15	4,235	5,000	13.23	11.84%	24-Jan-17
23-Jul-15	9,882	5,000	30.88	11.84%	24-Jan-17
23-Jul-15	3,294	5,000	26.47	11.84%	24-Jan-17
23-Jul-15	8,471	5,000	10.29	11.84%	24-Jan-17
23-Jul-15	14,118	5,000	44.12	11.84%	24-Jan-17
19-Aug-15	500	1,000,000	500.00	13.52%	20-Aug-18
28-Mar-16	700	1,000,000	700.00	13.53%	27-Mar-21

Non-current portion	1,133.33
Current maturities	466.25
Total	**1,599.58**

Nature of Security

The NCDs are secured by charge on specific loans and receivables of the Company.

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

NOTE: 6

Other long term liabilities	**As at March 31, 2017**	**As at March 31, 2016**
Interest accrued but not due on long term borrowings	855.89	1,038.15
Security deposits from employees	194.64	199.65
Derivative Liability	83.97	-
	1,134.50	1,237.80

NOTE: 7

Short-term borrowings		
Cash credit / Overdraft facilities from banks (secured)	5,897.58	12,853.87
Working Capital demand loan from banks (secured)	33,815.99	45,479.99
Loan from Related party (unsecured)	-	1.80
Commercial Papers (unsecured)	23,095.86	9,338.57
	62,809.43	67,674.23
The above amount includes		
Secured borrowings	39,713.57	58,333.86
Unsecured borrowings	23,095.86	9,340.37
Total	62,809.43	67,674.23

Cash credit / Overdraft facilities from banks and Working Capital demand loan from banks (secured)

Particulars	March 31, 2017	March 31, 2016
Secured by hypothecation of specific/paripassu assets covered and Margin/cash collateral under hypothecation agreements.	39,713.57	58,333.86
Total	**39,713.57**	**58,333.86**

Commercial papers carry interest rates of 7.25% to 10.05% and their tenor ranges from 60 days to 364 days.

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 8
Other current liabilities

	As at March 31, 2017	As at March 31, 2016
Trade Payables (A) (refer note 8 (A))		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	719.12	250.71
	719.12	250.71
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation Rs.44.93 million)	15,827.75	12,704.97
Interest accrued but not due on borrowings	2,243.35	661.83
Statutory dues payable	184.13	87.34
Employee related payables	443.95	366.18
Auction surplus	579.13	462.74
Forward cover contract payable	403.27	
Income received in advance (unearned revenue)	124.35	89.53
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unclaimed matured Non convertible debenture	11.67	13.83
Unclaimed dividend	30.90	38.52
Unclaimed matured deposits	0.06	0.07
Unpaid Interest - NCD/Bond	1.91	3.99
Unclaimed matured subordinate bonds	153.87	21.19
Advance from MAS Financial Services Limited	-	23.83
Others	110.27	179.30
Total (B)	20,114.61	14,653.32
Total (A+B)	**20,833.73**	**14,904.03**

Note 8(A): There are no Micro and Small Enterprises, to whom the Group owes dues, which are as at March 31, 2017 and March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 9
Provisions

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for employee benefits				
Provision for gratuity	2.56	-	78.79	65.27
Provision for leave encashment	12.96	4.24	88.41	0.74
	15.52	4.24	167.20	66.01
Other provisions				
Provision for non performing assets	85.62	2.47	854.87	218.51
Provisions for taxation (net of advance tax and tax deducted at source)	-	-	38.15	-
Provision for standard assets	11.85	25.20	454.21	423.81
Provision for credit enhancement on asset derecognised	-	-	0.69	13.78
Provision for litigation	-	-	35.48	29.02
	97.47	27.67	1,383.40	685.12
	112.99	31.91	1,550.60	751.13

The table below gives information about movement in provision for litigation claim .

	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	29.02	24.85
Arising during the year	6.46	4.17
Utilized during the year	-	-
Unused amounts reversed	-	-
At the end of the year	35.48	29.02
Current portion	35.48	29.02
Non-current portion	-	-

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 10A
Property, Plant and Equipment

	Freehold Land	Building	Office equipment	Electrical Installation	Computer equipment **	Furniture and Fittings	Vehicle*	Plant & Machinery	Total
Cost									
At 1 April 2015	81.18	305.71	265.86	265.44	942.04	2,063.00	43.17	42.94	4,009.34
Addition on acquistion of subsidiary	-	-	-	-	2.37	6.57	-	-	8.94
Additions	17.00	1.10	114.06	45.08	369.84	198.52	24.08	2.03	771.71
Deletions	-	-	2.63	1.12	63.93	17.56	4.36	-	89.60
At 31 March 2016	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	44.97	4,700.39
Cost									
At 1 April 2016	98.18	306.81	377.29	309.40	1,250.32	2,250.53	62.89	42.94	4,700.39
Additions	36.33	1.63	61.06	18.95	159.69	202.65	47.85	2.34	530.50
Deletions/adjustment	-	-	34.59	18.72	113.04	128.73	-	-	295.08
At 31 March 2017	134.51	308.44	403.76	309.63	1,296.97	2,324.45	110.74	45.28	4,935.81
Accumulated Depreciation									
At 1 April 2015	-	17.71	184.65	237.31	753.19	1,109.53	16.91	7.75	2,327.05
Addition on acquistion of subsidiary	-	-	0.19	0.01	1.03	1.26	0.40	-	2.89
Charge for the year	-	10.54	58.52	25.80	169.29	261.94	11.24	3.09	540.42
Deletions	-	-	2.62	1.12	62.44	16.90	2.35	-	85.43
At 31 March 2016	-	28.25	240.74	262.00	861.07	1,355.83	26.20	10.84	2,784.93
Accumulated Depreciation									
At 1 April 2016	-	28.25	240.74	262.00	861.07	1,355.83	26.20	10.84	2,784.93
Charge for the year	-	10.56	79.21	25.73	221.26	258.69	13.82	3.26	612.53
Disposals/adjustment	-	-	34.43	18.71	112.88	127.73	-	-	293.75
At 31 March 2017	-	38.81	285.52	269.02	969.45	1,486.79	40.02	14.10	3,103.71
Net Block at 31 March 2016	98.18	278.56	136.55	47.40	389.25	894.70	36.69	34.13	1,915.46
Net Block at 31 March 2017	134.51	269.63	118.24	40.61	327.52	837.66	70.72	31.18	1,832.10

*Includes vehicles taken on finance lease/hire purchase- Gross block Rs. 33.05 as at March 31, 2017 (March 31, 2016 Rs. 2.82). Depreciation for the period Rs. 1.30 (March 31, 2016 Rs. 0.36) and Net block Rs 31.75 as at March 31, 2017 (March 31, 2016 Rs. 2.00)

**Includes Computers taken on finance lease/hire purchase- Gross block Rs. 108.07 as at March 31, 2017 (March 31, 2016 Rs 81.06). Depreciation for the period Rs.30.44 (March 31, 2016 Rs.16.87) and Net block Rs 60.76 as at March 31, 2017 (March 31, 2016 Rs.64.19)

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 10B
Intangible assets

	Computer Software
Cost	
At 1 April 2015	144.95
Addition on acquistion of subsidiary	0.98
Purchase	6.10
Deletions	-
At 31 March 2016	152.03
Cost	
At 1 April 2016	**152.03**
Purchase	17.92
Deletions	15.66
At 31 March 2017	154.29
Amortization	
At 1 April 2015	**101.72**
Addition on acquistion of subsidiary	0.72
Charge for the year	17.38
Deletions	-
At 31 March 2016	119.82
Amortization	
At 1 April 2016	**119.82**
Charge for the year	19.01
Deletions	15.64
At 31 March 2017	123.19
Net block	
At 31 March 2016	32.21
At 31 March 2017	31.10

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 11A
Non-current investments

	As at March 31, 2017	As at March 31, 2016
Non trade - (Unquoted, valued at cost)		
50 (previous year: 50) Non Convertible Subordinate bonds of Rs 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 Rs 10/- each	0.50	0.50
Non-Trade Investment in other companies (Unquoted, valued at cost)		
1,000 (Previous year - 1,000) equity share of Rs. 10/- each fully paid in The Catholic Syrian Bank Limited.	0.03	0.03
	50.53	50.53
Note:		
1. Aggregate amount of unquoted investments	50.53	50.53
2. Aggregate provision for diminution in value of investments	-	-

NOTE: 11B
CURRENT INVESTMENTS

	As at March 31, 2017	As at March 31, 2016
Mutual Fund (Unquoted, valued at net asset value or cost which ever is lower)		
Nil (Previous year 9,940,852) units of Rs. 10.06/- each in Franklin Templeton Ultra Short Daily Dividend Plan	-	100.00
Nil (Previous year 49,996) units of Rs. 1,000.51/- each in Reliance Liquidity Fund Daily Dividend Plan	-	50.03
Nil (Previous year 9,903,874) units of Rs. 10.25/- each in Sundaram Money Fund	-	100.05
Nil (Previous year 16,379.30) units of Rs.2,442.11/- each in Reliance Liquid Fund-Cash-Plan-Direct Growth Plan.	-	40.00
Nil (Previous year 5,892.26) units of Rs.1,697.14/- each in UTI Money Market Fund-Institutional Plan-Direct Plan-Growth.	-	10.00
Nil (Previous year 16,282.57) units of Rs.3,070.77/- each in Kotak Liquid Plan A-Direct plan-Growth	-	50.00
Nil (Previous year 164,555.55) units of Rs.243.08/- each in Birla Sunlife Cash Plus-Growth-Direct	-	40.00
Nil (Previous year 170,173.60) units of Rs.293.82/- each in Birla Sunlife Savings Fund-Growth-Direct	-	50.00
	-	440.08
Note:		
1. Aggregate amount of unquoted Investments (Cost)	-	440.08

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

NOTE: 12
Deferred tax assets (net)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liability		
On unamortised debenture issue expense	(4.90)	(16.10)
Gross deferred tax liability	**(4.90)**	**(16.10)**
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	227.53	181.28
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	116.94	22.09
Provision for advances	425.30	234.85
Others	12.29	11.74
Gross deferred tax asset	**159.69**	**449.96**
Net deferred tax asset	**154.79**	**433.86**

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 13
Loans and advances

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Portfolio Loan				
Secured, considered good				
- Gold Loan	-	-	111,022.69	100,591.51
- Commercial Vehicle Loan	1,450.81	894.31	1,579.29	403.39
- Mortgage/Property Loan	257.56	377.65	65.72	60.42
- Home Loan	2,181.11	1,177.64	65.64	24.33
- Corporate Loan	426.21	276.04	371.92	195.84
- Other Loans	781.06	82.50	46.57	19.01
	5,096.75	2,808.14	113,151.83	101,294.50
Secured, considered doubtful#				
- Gold Loan	-	-	222.65	214.80
- Commercial Vehicle Loan	14.13	-	14.11	0.07
- Mortgage/Property Loan	25.89	-	22.17	3.63
- Home Loan	43.47	-	1.41	-
- Other Loans	1.18	-	0.01	-
Portfolio Loan				
Unsecured, considered good				
- Demand loan	7.33	22.12	11.62	10.10
- Personal loan	-	-	-	0.02
- Micro finance loan ##	2,397.40	2,007.51	14,820.15	6,587.69
Unsecured, considered doubtful#				
- Micro finance loan	-	-	-	2.74
Advances recoverable in cash or kind*				
Unsecured, considered good	-	-	1,858.80	200.20
Deposits (Unsecured, considered good)				
Rental deposits	488.07	462.42	121.59	119.72
Other security deposits	45.20	44.81	9.90	8.01
	533.27	507.23	131.49	127.73
Service tax and other taxes recoverable, from Government (Unsecured, considered good)	-	-	43.37	34.25
Capital advances (Unsecured, considered good)	19.62	32.25	-	-
Total	8,139.04	5,377.25	130,277.61	108,475.73
* Advances recoverable in cash or kind includes dues from relative of directors and related	-	-	-	-

Provision for the same has been disclosed separately under note 9.
Includes Managed Micro finance loans - Rs. NIL (Previous year Rs.1,377.65).

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

NOTE: 14
Other assets

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Deposits with other NBFCs as collateral towards loans and assets derecognised	-	4.58	-	14.04
Deposits as collateral with business partner towards loans sourced on their behalf	-	0.00	-	10.67
Non-current bank deposits (note 15)	497.81	424.81	-	-
(A)	497.81	429.39	-	24.71
Interest accrued:				
Loan Portfolio (Secured, considered good)	-	-	3,017.74	3,489.78
Micro finanance Loan (Unsecured, considered good)	46.32	-	134.79	94.71
Fixed deposits and investment	22.45	11.41	41.78	30.16
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)(Refer Note 35.6)	1.50	-	-	-
Advance tax (net of Provisions for taxation and tax deducted at source)	603.91	811.21	-	-
Unamortized premium on forward contract	-	-	27.68	-
Ancillary cost of arranging the borrowings	102.08	44.08	104.48	101.19
Comission receivable	-	-	7.38	-
Others	-	-	217.44	229.38
(B)	776.26	866.70	3,551.29	3,945.22
Total (A + B)	1,274.07	1,296.09	3,551.29	3,969.93

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

NOTE: 15
Cash and bank balances

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	2,017.63	3,000.64
Deposits with original maturity of less than three months	-	-	-	-
Cash on hand	-	-	1,082.62	1,269.65
On Escrow accounts #				
Unpaid matured deposit	-	-	0.07	0.07
Unpaid NCD trustee account			24.39	34.26
Unpaid auction surplus deposit			510.40	446.71
Unpaid dividend	-	-	30.91	38.53
	-	-	3,666.02	4,789.86

The Company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid auction surplus.

Other bank balances

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Other balance				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	1,548.64	1,176.95
Deposits with original maturity for more than 12 months*	497.81	424.81	12.24	77.94
	497.81	424.81	1,560.88	1,254.89
Amount disclosed under non-current assets (note 14)	497.81	424.81	-	-
	-	-	5,226.90	6,044.75

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
NOTE: 16		
Revenue from operations		
Interest Income		
- Gold loans	29,153.01	21,553.86
- Bank and other deposits	111.24	135.54
- Property Loans	76.09	72.88
- Micro Finance	3,059.23	1,202.01
- Commercial Vehicles	402.37	122.55
- Home Loan	317.60	69.83
- Corporate Loan	95.32	19.04
- Other loans	-	3.09
Insurance Commission	19.85	11.97
Processing and application fees	368.98	212.03
Gain on Securitisation	158.76	86.83
Total Interest income (A)	33,762.45	23,489.63
Other operating revenue		
- Money transfer	46.80	50.87
- Net Gain on current investment	28.91	33.87
- Bad debts recovered	10.79	13.69
- Insurance claim received	6.95	11.33
- Others	21.03	2.92
Total Other operating revenue (B)	114.48	112.68
Revenue from operations (A+B)	33,876.93	23,602.31
NOTE: 17		
Other Income		
Profit on sale of fixed assets (net)	5.17	6.92
Commission - (refer note 37)	178.41	82.76
Other non-operating income	15.56	20.36
Reversal of Provision for Credit Enhancement on Assets De-recognised	13.09	-
	212.23	110.04
NOTE: 18		
Finance Cost		
Interest		
- on Debentures	2,360.34	1,345.75
- on Bank and other borrowings	6,949.50	6,219.17
- on Subordinate bonds and loans	277.38	461.60
- on Commercial papers	1,661.32	869.94
- Others	34.16	273.87
Other borrowing cost	404.35	301.31
	11,687.05	9,473.90

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Manappuram Finance Limited

Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

		Year ended March 31, 2017		Year ended March 31, 2016
NOTE: 19				
Employee benefit expense				
Salaries, wages and bonus		4,426.30		3,783.35
Contribution to provident and other funds		470.26		412.41
Gratuity expense (note 25)		100.85		90.03
Staff welfare expenses		28.41		15.11
		5,025.82		4,300.90
NOTE: 20				
Other expenses				
Electricity		191.35		179.67
Rent		1,106.69		1,005.88
Rates and taxes		40.61		32.40
Insurance		65.95		42.15
Repairs and maintenance				
Vehicles		10.23		4.59
Others		153.14		131.07
Advertising and sales promotion		437.53		570.22
Commission paid		139.64		78.24
Travelling and conveyance		250.68		178.65
Communication costs		249.45		157.20
Printing and stationery		138.35		117.29
IT Support costs		301.62		259.25
Legal and professional fees		125.15		107.82
Security charges		591.47		435.47
Bad debts/advances written off	355.65		198.22	
Provision for non performing assets	719.51	1,075.16	34.47	232.69
Provision for standard assets		16.97		190.66
Corporate social responsibility expenditure		112.40		94.22
Miscellaneous expenses		100.36		75.74
		5,087.55		3,895.91
Payment to auditors included in Legal and Professional Charges:				
As auditor:				
Audit fee		3.73		3.73
Limited reviews		3.10		3.10
Certification fees		0.84		0.84
Reimbursement of expenses		0.80		0.30
		8.47		7.97
NOTE: 21				
Depreciation and amortization expense				
Depreciation		612.53		540.43
Amortization of intangible assets		19.01		17.38
		631.54		557.81

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

Note: 22
Earnings per share (EPS)
The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2017	Year ended March 31, 2016
Net profit for calculation of basic EPS	7,558.48	3,533.68
Weighted average number of equity shares in calculating basic EPS (Nos.)	841,539,979	841,207,136
Effect of dilution:		
Stock options granted under ESOP (Nos.)	31,870	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	841,571,849	841,207,136
Basic EPS (Rs)	8.98	4.20
Diluted EPS (Rs)	8.98	4.20

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

Note23: Employee Stock Option Scheme (ESOS)

Employee Stock Option Scheme (ESOS), 2009
The details of the Employee Stock Option Scheme 2009 are as under:

Date of share holders' approval	August 17, 2009
Number of options approved	1,000,000
Date of grant	August 17, 2009
Number of options granted	829,500
Method of settlement	Equity
Graded Vesting	50% after one year from the date of grant i.e. August 16, 2010 and balance 50% after two years from the date of grant i.e August 16, 2011
Exercisable period	4 years from vesting date
Vesting conditions	On achievement of pre-determined performance parameters.

Subsequent to the share split and bonus issue in an earlier year, the number of options has been adjusted to 8,295,000 options and the exercise price has been adjusted to Rs 33.12/- per share in accordance with the terms of the scheme. Further, subsequent to bonus issue in the earlier year, the exercise price has been adjusted to Rs 16.56 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines.

The Company has re-allotted the lapsed options, pursuant to the approval of the Board. The Company has granted 1,191,000 options at an exercise price of Rs. 31.25 on November 03, 2014 which will vest over a period of two years from the grant date (50% of the eligible share on November 03, 2015 and balance 50% of the eligible share on November 03, 2016). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	875,000	1,061,000
Options exercised during the year	(692,500)	-
Options lapsed during the year	(132,500)	(186,000)
Options outstanding, end of year	**50,000**	**875,000**
Options outstanding at the yearend comprise of :		
- Options eligible for exercise at year end	50,000	875,000
- Options not eligible for exercise at year end	-	-

Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

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

Note23: Employee Stock Option Scheme (ESOS)

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I 16-Aug-2010 50%	Vesting II 16-Aug-2011 50%
Option fair value (pre-split and bonus at a face value of Rs 10/- per share)	Rs 142.43/-	Rs 157.92/-
Risk-free interest rate	6.51%	6.53%
Expected life	3 years	4 Years
Expected volatility	67.11%	66.62%
Expected dividend yield	2.76%	2.76%
Share price on the date of grant (face value of Rs 10/-)	Rs. 331.15/-	Rs. 331.15/-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Employee Stock Option Scheme (ESOS), 2016

The details of the Employee Stock Option Scheme 2016 are as under:

Date of share holders' approval	July 05, 2016
Number of options approved	25,236,214
Date of grant	August 08, 2016
Date of Inprlcipal Approval	In principal approval of the BSE was obtained on December 20, 2016 and NSE on December 28, 2016.
Number of options granted	13,750,466
Method of settlement	Equity
Graded Vesting	Graded vesting shall happen in a graded basis in three tranches over a period of three years. a] The first tranche of 30% shall be vested when a period of 12 months would expire from the Date of grant; b) The second tranche of 30% shall+B28 be vested when a period of 24 months would expire from the Date of grant; c) The third tranche of 40% shall be vested when a period of 36 months would expire from the Date of grant.
Exercisable period	The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised with in a period of one year and 30 days from the date of vesting of the respective tranche through the Exercise Window to apply for ESOS Shares against Options vested with the Eligible Employee in pursuance of the Scheme. However, the Eligible Employee has a right to exercise the Options vested in the first tranche and second tranche on or before the expiry of the Exercise Period of the third tranche, utilising the exercise window which shall be a period of 30 days from the close of each half of the year counted from the date of vesting during the Exercise Period.
Vesting conditions	Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.
Source of shares	Primary
Variation in terms of options	No Variations made to the term of Scheme

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

Note23: Employee Stock Option Scheme (ESOS)

The Company has adopted ESOS 2016 as per SEBI(Share Based Employee Benefits) Regulation, 2014 and has recorded a compensation expense using the fair value method as set out in those regulations.

The Company has granted 13,750,466 options at an exercise price of Rs. 86.45 on August 08, 2016 which will vest over a period of three years from the grant date (08.08.2016) and the vesting of options shall be at 30% each in the first and second year and the balance 40% in the third year from the date of grant.

The summary of the movements in options is given below:

Particulars	March 31, 2017	March 31, 2016
Options outstanding, beginning of year	-	-
Options granted during the year	13,750,466	-
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	(1,932,637)	-
Options unvested and Outstanding at the End of the Year	**11,817,829**	-

Particulars	March 31, 2017	March 31, 2016
Weighted average remaining contract life of options	-	-
weighted average market price at the exercise date	-	-

The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under:

Particulars	Vesting I 8-Aug-2017 30%	Vesting II 8-Aug-2018 30%	Vesting III 8-Aug-2019 40%
Fair Value per vest (Rs.)	26.11	30.61	34.29
Risk-free interest rate (%)	7.03	7.15	7.25
Expected life	3 years	4 years	5 Years
Expected volatility (%)	49.68	52.66	55.38
Expected dividend yield (%)	2.95	2.95	2.95
Share price on the date of grant (face value of Rs 10/-)	Rs. 86.45 /-	Rs. 86.45 /-	Rs. 86.45 /-

The expected volatility of the stock has been determined based on historical volatility of the stock. The period over which volatility has been considered is the expected life of the option.

Pro-forma Disclosures for ESOS

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2009 been recognized based on the fair value at the date of grant in accordance with Black-Scholes method, the amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2016			
- Amounts as reported	3,533.60	4.20	4.20
- Amounts as per pro-forma	3,528.72	4.19	4.19

Particulars	Profit after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2017			
- Amounts as reported	7,558.48	8.98	8.98
- Amounts as per pro-forma	7,429.24	8.83	8.83

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Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian rupees unless otherwise stated)

Note 24 Related party disclosures

Names of related parties

Relationship	**Name of the party**
Associates / Enterprises owned or significantly influenced by key personnel or their relatives	Manappuram Jewellers Limited
	Manappuram Agro Farms Limited
	Manappuram Foundation
	Manappuram Comptech and Consultant Limited *
	Manappuram Health Care Limited *
	Manappuram Construction and Properties Limited
	Manappuram Chit Funds Company Private Limited *
	Manappuram Chits (Karnataka) Private Limited *
	Manappuram Chits (Andhra) Private Limited *
	Adlux Medicity and Convention centre Private Limited*
	MAFIN Enterprise *
	Manappuram travels *
	MAGRO Farms *
	Manappuram Chits *
	MABEN Nidhi Limited
	Manappuram Asset Finance Limited
Key Management Personnel	Mr. V P Nandakumar- Managing Director & CEO
	Mr. B.N Raveendra Babu- Executive Director
	Mr. Kapil Krishan -Chief financial officer
	Mr.Ramesh Periasamy -Company Secretary
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)
	Ms. Biji Babu (daughter of Mr. B.N Raveendra Babu)
	Mrs. Shelly Ekalavyan (sister of Mr. V P Nandakumar)
	Mrs. Rajalakshmi Raveendra Babu (wife of Mr. B.N Raveendra Babu)

* No transactions with these related parties.
Related Party transactions during the year:

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

Note 24 Related party disclosures

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Debentures and Subordinate Bond redeemed during the year					**0.80**	**0.28**
Mrs. Sathyalekshmi					0.40	-
Mrs. Rajalakshmi Raveendra Babu					0.40	0.28
Interest expense					**0.52**	**0.52**
Mrs. Rajalakshmi Raveendra Babu					0.29	0.31
Ms. Biji Babu					0.09	0.09
Mrs. Shelly Ekalavyan					0.13	0.12
Commission to Directors			**30.00**	**24.00**		
Mr. V.P.Nandakumar			25.00	20.00		
Mr. Raveendra Babu			5.00	4.00		
Remuneration to Directors			**67.03**	**43.35**		
Mr. V.P.Nandakumar			56.71	33.86		
Mr. Raveendra Babu			10.32	9.49		
Remuneration to other KMPs			**10.69**	**9.43**		
Remuneration paid to Relative of KMP					**12.23**	**5.50**
Mr Sooraj Nandan					4.06	2.10
Mrs Sumita Jayshankar					6.95	2.91
Mr. Suhas Nandan					1.22	0.49
Donation made	**104.80**	**92.00**				
Manappuram Foundation	104.80	92.00				
Rent Paid	**0.75**	**0.65**	**0.33**	**0.32**	**0.39**	**0.26**
Mr. V.P.Nandakumar	-	-	0.33	0.32	-	-
Mr. Suhas Nandan					0.20	0.09
Mrs Sumitha Nandakumar					0.12	0.11
Mr. Sooraj Nandan					0.07	0.06
Manappuram Agro Farms Limited	0.75	0.65				
Repayment of Rent advances						
Manappuram Foundation	0.35	-				
Other Income						
Manappuram Foundation	0.13	-				
Rent Received	**1.20**	**1.03**				
Manappuram Jewellers Limited	0.50	0.47				
Manappuram Agro Farms Limited	0.19	0.16				
Manappuram Foundation	0.51	0.40				
Electricity Charge Received	**1.08**	**0.32**				
Manappuram Jewellers Limited	0.95	0.32				
Manappuram Foundation	0.12	-				

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017
(All amounts are in millions of Indian rupees unless otherwise stated)

Note 24 Related party disclosures

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Consultation Charge Paid						
Manappuram Construction and Properties Li	0.87	-				
Loan from Directors						
Mr. V.P Nandakumar			-	1.80		
Repayment of loan from Directors						
Mr. V.P Nandakumar			1.80	-		
Rent Advance Received	-	0.03				
Manappuram Jewellers Limited	-	0.03				
Balance <u>outstanding as at the year end:</u>						
Amounts payable (net) to related parties			20.23	24.00	2.65	3.75
Mr. V.P.Nandakumar			17.18	20.00	-	-
Mr. Raveendra Babu			3.05	4.00	-	
Mrs. Rajalakshmi Raveendra Babu					1.60	2.10
Ms. Raji Babu					-	0.71
Mrs. Shelly Ekalavyan					1.05	0.94

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

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

Note 25: Employment benefits disclosures:

The amounts of Provident fund contribution charged to the statement of Profit and loss during the year aggregates to Rs 368.45 for March 31, 2017 (March 31, 2016 Rs. 329.35)

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure for each completed year of service. The group has funded the scheme either with Life Insurance Corporation of India and Kotak Life Insurance.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss
Net employee benefit expense recognised in the employee cost

	March 31, 2017	March 31, 2016
Current service cost	96.35	82.15
Interest cost on benefit obligation	23.83	17.82
Expected return on plan assets	(22.31)	(16.94)
Net actuarial (gain)/loss recognized in the year	2.98	9.62
Net (benefit) / expense	100.85	90.13
Actual return on plan assets	23.97	16.68

Balance sheet
Reconciliation of present value of the obligation and the fair value of plan assets:

	March 31, 2017	March 31, 2016
Defined benefit obligation	(406.87)	(319.37)
Fair value of plan assets	323.02	254.10
Asset/(liability) recognized in the balance sheet	(83.85)	(65.27)

	March 31, 2015
Defined benefit obligation	221.20
Fair value of plan assets	181.97
Asset/(liability) recognized in the balance sheet	(39.23)

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

Note 25: Employment benefits disclosures:

Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2017	March 31, 2016
Opening defined benefit obligation	319.37	221.20
On Acquistion of Subsidiary	-	1.06
Interest cost	23.83	17.82
Current service cost	96.35	82.15
Benefits paid	(38.20)	(12.24)
Actuarial loss / (gain) on obligation	5.53	9.38
Closing defined benefit obligation	406.87	319.37

Changes in the fair value of plan assets are as follows:

	March 31, 2017	March 31, 2016
Opening fair value of plan assets	254.10	181.97
On Acquistion of Subsidiary	-	1.48
Expected return	22.31	16.94
Contributions by employer	82.26	66.19
Benefits paid	(38.20)	(12.24)
Actuarial gains / (losses)	2.55	(0.24)
Closing fair value of plan assets	323.02	254.10
Expected contribution to fund to be made in the next year	70.00	60.00

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2017	March 31, 2016
	%	%
Discount rate	6.9%	7.5%
Attrition rate	15%	15%
Expected rate of return on assets	7.5%	7.8%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

Note 26: Commitments

(i) Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. 83.87 as at March 31, 2017 (March 31, 2016 - Rs. 39.34)

(ii) The Company has entered into an agreement for outsourcing of Information Technology support in April 2012 for a period of 10 years with an annual expense of Rs. 270

Note 27: Contingent liabilities

(a) Applicability of Kerala Money Lenders' Act

The Company has challenged in the Hon'ble Supreme Court the order of Hon'ble Kerala High Court upholding the applicability of Kerala Money Lenders Act to NBFCs. The Hon'ble Supreme Court has directed that a status quo on the matter shall be maintained and the matter is currently pending with the Hon'ble Supreme Court. The Company has taken legal opinion on the matter and based on such opinion the management is confident of a favourable outcome. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(b) Litigations

Income tax demand Rs 167.17 (March 31, 2016 Rs 7.95) case is pending with Commissioner of Income tax (Appeals). The Company has filed an appeal with Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that the case will be decided in the their favour and hence no provision has been considered in Group financial statements

(c) On account of Corporate Guarantees provided by the Group

Particulars	March 31, 2017	March 31, 2016
On account of managed portfolio		23.58
Total	-	23.58

Manappuram Finance Limited
Notes to the Consolidated Financial statements for the year ended March 31, 2017

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

Note 28:
Lease Disclosures

Operating Lease :
The Company has operating lease agreements primarily for office spaces, the lease terms of which are different for each Company in the Group.

Particulars	31-Mar-17	31-Mar-16
Less than One Year	14.37	3.19
One Year to Five Years	16.46	4.83
Later than Five Years	-	-

Finance Leases:
The Company has finance leases for vehicles. These leases are non-cancellable and has no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31-Mar-17	31-Mar-16
Total minimum lease payments at the year end	78.70	70.67
Less: amount representing finance charges	8.60	7.84
Present value of minimum lease payments	70.10	62.83
Minimum lease Payments:		
Not less than one year	54.84	38.56
Later than one year but not later than five years	23.86	32.11

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

Note: 29) Exceptional item

Exceptional item represents loss assets written off with respect to debts considered bad in one of the divisions. These debts were not repaid by the borrowers due to an incidence of embezzlement of cash collections by the employees in some of the branches of the above division.

Note: 30) Under Recovery of Interest Income

The Company disbursed some gold loans on which the total amount receivable including principal and accumulated interest have exceeded the value of the underlying security. As of March 31, 2017 the Company has not recognized interest income aggregating to Rs. 14.00 (March 31, 2016: Rs 0.71).

Note: 31) During the year there have been certain instances of fraud on the Company by officers and employees, where gold loan related misappropriations / cash embezzlements / burglaries have occurred for amounts aggregating an amount of Rs.103.30 (March 31, 2016 Rs. 69.05) of which the Company has recovered Rs. 64.88 (March 31, 2016 Rs. 73.69). The Company has taken or is in the process of taking legal and other actions against such employees/third parties and making insurance claims for recoveries of these amounts from the respective insurance companies where applicable. The Company has created provision aggregating to Rs. 31.99 (March 31, 2016 Rs 36.36) towards these losses based on its estimate.

Note: 32) Goodwill on Consolidation

Goodwill on consolidation represents the excess purchase consideration paid over value of net assets of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2017.

Note 33) Additional disclosure as per Schedule III of Companies Act 2013

For the year March 31, 2017

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount
Manappuram Finance Limited	98.31%	33,050.18	95.41%	7,236.67
Manappuram Home Finance Company Private Limited	-0.16%	(53.29)	-0.12%	(9.00)
Manappuram Insurance Brokers Private Limited	0.02%	6.95	-0.09%	(6.76)
Asirvad Microfinance Limited	1.84%	620.11	4.45%	337.59
Minority Interest in subsidiary			0.35%	26.42

For the year March 31, 2016

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.10%	27,351.95	94.10%	3,341.97
Manappuram Home Finance Company Private Limited	-0.16%	(44.29)	-1.11%	(39.39)
Manappuram Insurance Brokers Private Limited	0.02%	6.59	0.19%	6.59
Asirvad Microfinance Limited	1.04%	286.11	6.32%	224.51
Minority Interest in subsidiary			0.50%	17.90

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

Note 34: Derivatives

Pursuant to the Guidance note issued by Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivative Contracts", the has adopted to follow hedge accounting principles relating to accounting for derivatives.

Consequently, as at March 31, 2017, the Company has recognised a net Market to Market (MTM) loss of Rest. 83.97 (Previous year Nil) relating derivative contracts entered to hedge the foreign currency risk of future interest payment and repayment of loans designated as cash flow hedges, in Hedge Reserve Account as part of the Shareholders' funds

Particulars	31-Mar-17	31-Mar-16
At the Beginning of the year	-	-
Net Movement	(22.96)	-
At the end of the Year	(22.96)	-

Details of outstanding derivative contracts as at the year end.

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value (USD)	No of contracts	Value (USD)
Forward Contracts entered into hedge the currency risk of future interest payments	6	304,725	-	-
Currency Swaps	2	102,593,177	-	-

Type of Derivatives	31-Mar-17		31-Mar-16	
	No of contracts	Value Rs. In million	No of contracts	Value Rs. In million
Forward Contracts entered into hedge the currency risk of future interest payments	6	19.76	-	-
Currency Swaps	2	6,653.17	-	-

Disclosure required as per RBI

Forward rate agreement / Interest rate swap

Particulars	31-Mar-17	31-Mar-16
i) The notional principal of swap agreements	6,653.17	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements.	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swap	-	-
v) The fair value of the swap book	6,653.17	-

Exchange Traded Interest rate (IR) derivatives : NIL

Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes forward contracts for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Finance Resource Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Particulars	31-Mar-17	31-Mar-16
i) Derivatives (Notional principal amount)		
For Hedging	6,653.17	-
ii) Marked to Market Positions		
a) Asset (+)		
b) Liability (-)	(83.97)	-
iii) Credit Exposure	-	-
iv) Unhedged Exposure	-	-

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Note 35: Specified Bank Note Disclosure

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

Particulars	SBNs	Other denomination notes	Subsidiary Note 35.5	Total
Closing cash in hand as on November 8, 2016	1,296.01	204.68	0.48	1,501.17
SBNs exchanged for other denominations (Refer Note 35.2)	37.73	(37.73)	-	-
(+) Permitted receipts (Refer Note 35.4)	-	20,464.90	3.56	20,468.46
(+) Non Permitted receipts (Refer Note 35.3)	40.23	-	-	40.23
(-) Non Permitted payments (Refer Note 35.3)	(4.64)	-	-	(4.64)
(-) Permitted payments	(0.13)	(15,591.27)	(0.06)	(15,591.46)
(-) Amount deposited in Banks (Refer Note 35.4)	(1,369.20)	(4,370.55)	(3.95)	(5,743.70)
Closing cash in hand as on December 30,	-	**670.03**	**0.03**	**670.06**

Note:

35.1 The Company implemented the directions and issued circulars to all its branches on November 8, 2016 in order to strictly comply with the directions issued by the Reserve Bank of India via circular DCM (Plg) No.1226/10.27.00/2016-17 dated November 8, 2016 with regard to demonization of SBNs. In a majority of cases the Group and its branches have complied with the directions. In some cases where there have been non-compliances the Group has taken note of those and suitable action has been taken against any employee in accordance with its internal policy. All disclosures made are in accordance with the books of accounts and other records.

35.2 The Company has noted that certain SBNs have been exchanged for other denominations on November 8, 2017 in certain branches by employees/customers. The Company has taken suitable action against those employees.

35.3 Non-permitted receipts/payments presented in the table above represents cash collection/payments made from/to customers at the Company's branches against settlement/disbursement of Gold loan principal and interest. All these receipts/payments have been deposited by the Company in the bank accounts as per normal operating policies and procedures.

35.4 As a part of its normal operating policies and procedures, the Company maintains denomination-wise details of closing cash as at end of every day based on which the opening and closing balance is disclosed. In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various banks, aggregating to Rs. 254.54 during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are currently not available with the Company and hence not included in the above table.

35.5 One of the Subsidiary's books of account does not facilitate collation of denomination wise breakup of cash balances as on November 8, 2016 and December 30, 2016 and cash transactions during the period from November 9, 2016 to December 30, 2016 ('the Period') and accordingly, the group has provided details of 'total' cash balances as on specified dates and transactions during the Period.

35.6 During the year ended 31 March 2017, the One of the subsidiary has remitted an amount of Rs. 3.00 (Tax - Rs. 2.40 and Penalty - Rs. 0.6) as per the self declaration filed by the Company for dealing in specified bank notes for the period from 9 November 2016 to 30 December 2016 into the Pradhan Mantri Garib Kalyan Yojna (PMGKY). Further, an amount of Rs. 1.50 has been paid as an interest free refundable (after 4 years) deposit has been deposited with Pradhan Mantri Garib Kalyan Yojna (PMGKY).

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Note 36) Details of Financial Assets sold to Securitisation Company

Particulars	31-Mar-17	31-Mar-16
Total number of loan assets securitized during the year	125,860	145,438
Book value of loan assets securitized during the year (Rs. In Millon)	679.29	1,786.40
Sale consideration received during the year	-	-
MFL Loans subordinated as Credit Enhancement on Assets Derecognised	-	500.39
Gain / (loss) on the securitization transaction recognised in P&L	-	30.28
Gain / (loss) on the securitization transactions deferred	-	1.07
Quantum of Credit Enhancement provided on the transactions in the form of deposits	-	51.27
Quantum of Credit Enhancement as at year end	61.18	81.56
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	158.76	90.22

Note 37) Marketing Commission

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based slab rates specified according to the terms of the agreements. The Company has received an amount of Rs. 178.41(Previous Year Rs. 87.27) towards commission for the marketing of solar lamps, mobile phones and cookware.

Note 38) Expenditure on Corporate Social Responsibility (CSR)

Particulars	March 31, 2017	March 31, 2016
a) Gross amount required to be spent by the Group during the year	09.81	71.1

b) Amount spent during the year ending on March 31, 2017:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	112.4	4.03	116.40

b) Amount spent during the year ending on March 31, 2016:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	94.22	-	94.22

Note: 39) Previous year figures

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

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

per Bharath NS
Partner
Membership no.: 210934

Place: Chennai
Date : May 25, 2017

For and on behalf of the Board of Directors

V.P. Nandakumar
MD & CEO

B.N. Raveendra Babu
Executive Director

Kapil Krishan
Chief Financial Officer

Ramesh Periasamy
Company Secretary

Place: Valapad, Thrissur
Date : May 25, 2017

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