

37th

ANNUAL REPORT

2019 - 2020



Manipal Finance Corporation Ltd.

Regd. Office: "Manipal House" - Manipal – 576 104
Udupi Dist., Karnataka

Managing Director:

Sri T Narayan M Pai

Directors:

Smt. Vinoda C Sherigar
Sri B Ashok Pai

Company Secretary:

Ms. Shipra Agarwal

Chief Financial Officer:

Sri T Sanjay Pai

**Registrar and Share Transfer Agent
(For Physical and Demat Shares)**

Cameo Corporate Services Ltd.,
V Floor, Subramanian Building
Subramanian Building
No.1, Club House Road
Chennai 600 002

Registered Office:

"Manipal House"- Manipal – 576 104
Udupi Dist., Karnataka
Ph: 0820-2570741
CIN : L65910KA1984PLC005988

Auditors:

M/s Sri Ramulu Naidu & Co.
Chartered Accountants
13-12-1394/51
Ram Bhavan Complex
Kodialbail
Mangalore-576 003

Banker:

Canara Bank (Syndicate Bank)
Corporation Bank
ICICI Bank Ltd.

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 37th Annual General Meeting of the Members of Manipal Finance Corporation Ltd. will be held on Thursday, the 24th December, 2020 at 3.00 p.m. at the Company's Regd. Office: "Manipal House", Manipal -576 104 Udipi District, Karnataka to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2020, statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Basthi Ashok Pai (DIN: 08136975), who retires by rotation, and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and, if thought fit to pass, with or without modification, the following resolution as an *Special Resolution*:

"RESOLVED THAT in partial modification of the Special Resolution passed in the 34th Annual General Meeting of the members of the Company held on 27/09/2017, Sri T Narayan M Pai, (DIN 00101633) who was re-appointed as Managing Director of the Company for a period of 5 years with effect 01/01/2018, pursuant to the provisions of Section 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (The Act) and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of Articles of Association of the Company, shall be liable to retire by rotation during the period he holds the position as Managing Director."

RESOLVED FURTHER THAT Board of Directors/Company Secretary of the Company be and are hereby severally authorized for and on behalf of the Company to do all acts, things and deeds and take all such steps as may be necessary to give effect to this Resolution."

4. To consider re-appointment of Mrs. Vinoda Chandappa Sherigar (DIN: 07224755) as an Independent Director of the Company for second term.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a *Special Resolution*:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provision, if any of the Companies Act, 2013 ('the Act') and Rules made thereunder and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Vinoda Chandappa Sherigar (DIN:07224755), who was appointed as an Independent Director till 29th June 2020 and being eligible has submitted a declaration that she meets the criteria of independence as provided in section 149(6) of the Act and regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 29th June 2020 to 29th June 2025."

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company, be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto."

5. Alteration of Memorandum of Association for reclassification of Authorised Share Capital

To consider and if thought fit to pass, with or without Modifications the following resolution as *Special Resolution*:

“RESOLVED THAT, pursuant to the provisions of Section 13, 64 and other applicable Sections of the Companies Act, 2013 and as permissible by the Company’s Memorandum of Association, the Authorised Share Capital of the Company be and is hereby altered without increasing or decreasing the aggregate amount thereof by dividing and reclassifying Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 9000000 (Ninty Lakh) Equity Shares of Rs.10/- each amounting to Rs.9,00,00,000/- and 6000000 (Sixty Lakh) Non Cumulative Redeemable Preference Shares of Rs.10/-each amounting to Rs.6,00,00,000/- in the Share Capital of the Company.”

“RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

V The Authorised Share Capital of the Company is Rs.15,00,00,000/-(Rupees Fifteen Crores Only) divided into 9000000 (Ninty Lakhs) equity shares of Rs.10/- each and 6000000 (Sixty Lakhs) Non Cumulative Redeemable Preference shares of Rs.10/- each with the rights privileges and conditions attached there to as are provided by the provisions of the Companies Act 2013 and regulations of the Company with power to increase or reduce the said capital of the Company and to divide the shares in the Company for the time being in accordance with the provisions of the Act and regulations of the Company and to vary, modify or abrogate any rights, privileges or conditions in such manner as may be for the time being provided by the regulations of the Company.”

6. Approval for issue of 7% Non –Cumulative Redeemable Preference shares (NCRPS)

To consider and if thought fit, to pass with or without modification(s), the following resolution as a *Special Resolution*:

“RESOLVED THAT pursuant to the provisions of Section 55, 62 and all other applicable provisions of the Companies Act, 2013 and read with The Companies (Share Capital and Debentures) Rules, 2014, The Companies (Prospectus and Allotment of Securities) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and as per the enabling clauses of the Memorandum of Association and Articles of Association of the Company and the listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to the approval of the Public Financial Institutions (PFLs), Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments, if any, and to the extent necessary for such other approvals, permissions and sanctions, as may be necessary, the approval of the Company be and is hereby accorded to the Board to issue 29,50,000 Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- each for cash at par to the existing 11% Non-cumulative Redeemable Preference Shareholders on preferential basis and the board may in its sole discretion at any time hereafter decide and at such time or times in one or more tranches to issue/allot the shares.

“RESOLVED FURTHER THAT in accordance with the provisions of Section 43 of The Companies Act, 2013 and Companies (Share capital and Debentures) Rules, 2014 the NCRPS terms are as under:

- i) The NCRPS shall be non-participating in surplus funds and in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid;
- ii) The NCRPS shall carry a preferential right vis-a-vis equity shares with respect to payment of dividend or repayment of capital;
- iii) The NCRPS shall have a voting right as per the provisions of Section 47(2) of the Companies Act, 2013.
- iv) The payment of dividend is at 7% PA and the same is non-cumulative basis.

v) The NCRPS shall be Non-convertible shares which are issued at par value of Rs. 10/- each

vi) The NCRPS shall be redeemable at par after the expiry of 12 months from the date of issue with mutual consent of the parties or redeemable at the expiry of the period of 20 years from the date of issue.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay any fees and commission and incur expenses in relation thereto to give, from time to time, such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or as the Board in its absolute discretion may think fit and to do all acts, deeds and matters consequential and supplemental thereto.”

Registered Office:
Manipal House
Manipal 576 104
Date:25.11.2020

By Order of the Board

Sd/-
(T Narayan M Pai)
Managing Director
DIN: 00101633

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively “MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”) and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) the 37th Annual General Meeting (“AGM”) of the Company is being held in physical mode following the advisories issued from the Authorities concerned including physical distancing, wearing mask, sanitization etc.
2. The relevant Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and forms part of this notice.
3. Pursuant to MCA Circular No.14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM.
4. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 21.12.2020 to 24.12.2020 (both the days inclusive)
6. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company’s Registrar and Transfer Agent. As per Regulation 40 of SEBI Listing Regulations (as amended), requests for effecting transfer of securities, except in case of transmission or transposition of securities, shall not be processed effective from April 01, 2019 unless the securities are held in the dematerialized form. Hence, the Members holding equity shares of the Company in physical form are requested to take action to dematerialize the same promptly.
8. All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 37th Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company (Email ID: tnmpai@mfgroupco.com) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.mfgroupco.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM/ Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
10. The Company has transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from Registrar of Companies, Karnataka, Bangalore.

The Company has transferred the unclaimed dividend for the financial year ended 31.03.1996 and 31.03.1997 to Investor Education and Protection Fund set up by the Central Govt.

11. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
12. The members are requested to get their shares dematerialized. The Company's ISIN Code INE798E01013 (CDSL).
13. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.
14. (a) In accordance with the provision of section 108 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the shareholders may exercise their option to participate through electronic voting system and the Company is providing the facility for voting by electronic means (e-voting) to all its members. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide e-voting facilities and enabling the members to cast their vote in a secured manner. It may be noted that this e-voting facility is optional. This facility will be available at the link www.evotingindia.com during the following voting period:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 21.12.2020 at 9.30 a.m. and ends on 23.12.2020 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 17.12.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (b) The Company has engaged the services of M/s Cameo Corporate Services Ltd., Chennai as the Authorized Agency to provide e-voting facilities.
- (c) The Company has appointed Sri Ramachandra Bhat S, Practising Company Secretary, Bangalore as 'scrutinizer' for conducting and scrutinizing the e-voting process in a fair and transparent manner.

Members holding shares in single name and in physical form are advised to make a nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialized form are advised to make a nomination through their Depository Participants.

Explanatory Note pursuant to Section 102(1) of the Companies Act, 2013.

Item No.3 of the Notice

The Members had approved the re-appointment of Mr. T. Narayan M Pai as the Managing Director of the Company for a period of 5 (five) years with effect from January 01, 2018. The terms and conditions of his appointment were also approved by the Members in the said AGM.

In order to fulfil the requirements of the provisions of section 152 (6)(a) of the companies Act 2013, it is felt necessary to make him liable to retire by rotation during the period he holds the position as Managing Director of the Company. Accordingly company has decided to modify his terms of Appointment to that extent, subject to approval of the members at the ensuing AGM. All other terms of his appointment approved by the members previously, remain unaltered

The Board recommends the *Special Resolution* set forth in the Notice for approval of the Members. This may be treated as an abstract of the terms and conditions governing the variation in the terms of appointment/payment of remuneration to Mr. T. Narayan M Pai, pursuant to Section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any.

Save and except Mr. T. Narayan M Pai and T Sanjay Pai, Chief Financial Officer, being Son of Sri T Narayan M Pai, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

Item No.4 of the Notice:

Mrs. Vinoda Chandappa Sherigar (DIN:07224755) was appointed as Independent Directors of the Company for a period of five years with effect from 29th June 2015 to 29th June 2020 pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination, Remuneration and Compensation Committee of the Board, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Mrs. Vinoda Chandappa Sherigar as Independent Directors. The Board, based on the above recommendation of the Nomination, Remuneration and Compensation Committee, considered that her continued association would be of immense benefit to the Company and it is desirable to continue to avail her services. In this connection, it is proposed to re-appoint Mrs. Vinoda Chandappa Sherigar as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of five years subject to approval of the members with effect from 29th June 2020 to 29th June 2025. The Company has received notice under Section 160 of the Act from a member proposing the candidature of Mrs. Vinoda Chandappa Sherigar (DIN:07224755) for the office of Independent Director of the Company. The Company has also received declaration that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. In the opinion of the Board, Mrs. Vinoda Chandappa Sherigar (DIN:07224755) fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder read with schedule IV of the Companies Act, 2013 for her re-appointment as Independent Director of the Company.

The brief profile of Mrs. Vinoda Chandappa Sherigar is attached to this notice.

Your Directors recommend the resolutions set out at item No.4 to be passed as special resolution by the members.

None of the Directors and other Key Managerial Personnel of the Company including their relatives, except Mrs. Vinoda Chandappa Sherigar are concerned or interested, financially or otherwise in the said Resolution.

Item No 5 of the Notice

At present Company's authorized Share Capital is Rs.15,00,00,000/-. In order to accommodate any future issues within the limit of Authorised Share Capital, it is proposed to reclassify the Authorised Share Capital of the Company in the order of 90,00,000 equity shares of Rs.10/-amounting to Rs 9,00,00,000 and 60,00,000 Non Cumulative Redeemable Preference shares of Rs.10/- each amounting to Rs 600,00,000." Making these changes in the capital structure of the company through its Memorandum of association require approval of members by passing a special resolution in this regard.. Hence, the subject on alteration in capital structure in the Memorandum of Association of the company is placed before the members for approval in Item No 4 of the Notice.

Your Directors recommend the resolution set out in item No.5 of the Notice to be passed as special resolution of the members.

None of the Directors is interested either directly or indirectly in the resolution.

Item No 6 of the Notice

The Board of Directors at its meeting held on 25th November, 2020, has approved the offer and issue 29,50,000 fully paid 7% Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- each for cash at par to the existing 11% Non-cumulative Redeemable Preference Shareholders on preferential basis. Pursuant to section 62(1)(c) of the companies Act 2013, any further issue of shares, warrants approval of members by means of a special resolution. Hence, the subject of further issue of preference shares is placed before the members for approval. The Board is also authorized to decide the time and the amount of shares to be allotted depending upon the market conditions prevailing at the time of issue. Accordingly, approval of the members is being sought, by way of Special Resolution at item No.6 of the Notice referred above.

None of the Directors is interested except to the extent of his entitlement to the share and/or other securities, if any, that may be issued to him as per the terms of issue of any such shares.

Registered Office:
Manipal House
Manipal 576 104
Date:25.11.2020

By Order of the Board

Sd/-
(T Narayan M Pai)
Managing Director
DIN: 00101633

ANNEXURE TO ITEMS 2 OF THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting as per the provisions of SEBI
(Listing Obligations and Disclosure Requirements) 2015

Name of the Director	Basthi Ashok Pai
Director Identification Number (DIN)	08136975
Date of Birth	12.07.1976
Nationality	Indian
Date of Appointment on Board	30.05.2018
Qualification	B.B.M.
Shareholding in the Company	--
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	--
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Member : Stakeholders Relationship Committee Member: Audit Committee

There are no inter-se relationships between the Board Members.

ANNEXURE TO ITEMS 4 OF THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting as per the provisions of SEBI
(Listing Obligations and Disclosure Requirements) 2015

Name of the Director	Vinoda Chandappa Sherigar
Director Identification Number (DIN)	07224755
Date of Birth	15.08.1964
Nationality	Indian
Date of Appointment on Board	29.06.2015
Qualification	B.A
Shareholding in the Company	--
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	--
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Member : Stakeholders Relationship Committee Member: Audit Committee

There are no inter-se relationships between the Board Members.

Board's report to the Shareholders

To,

The Members,

Your Directors have pleasure in presenting their 37th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

1. Financial summary or highlights/Performance of the Company

Particulars	<i>(Rs. In '000)</i>	
	31 st March, 2020	31 st March, 2019
Income	2788	2379
Expenses	6265	4082
Profit/(Loss) before Exceptional Items and Tax	-3477	-1703
Exceptional Items - Income	70237	10131
Profit/(Loss) before Tax	66760	8428
Balance of Loss b/f from previous year	-605615	-614043
Net loss carried forward	-538855	-605615

The company has adopted Indian Accounting Standards (IND-AS) notified under section 133 of the Companies Act, 2013 (The Act) read with the Companies (Indian Accounting Standards) Rules, 2015 (Amended from time to time) from April 1, 2019 and effective date of such transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued there under and guidelines issued by the Reserve Bank of India (RBI) (collectively referred to as 'the previous GAAP'). The figures have been presented in accordance with the format prescribed for financial statements for a Non Banking Finance Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015 in division III of Notification No. GSR 1022 (E) dated October, 11, 2018, issued by the Ministry of Corporate Affairs, Govt. of India.

2. State of Company's affair

During the year ending 31st March, 2005 the Scheme of Compromise and Arrangement under Section 391 of the Companies Act, 1956 to effect the restructure of Company's debts particularly Debentures and subordinated debts of the Company was framed and presented before the Honorable High Court of Karnataka. Accordingly, the meeting of the Shareholders, Debenture Holders and Subordinated Debt holders were held on 20th April, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from effective date and payment of interest accrued till 30th June, 2002 within 72 months from the effective date. The Scheme as proposed do not provide for accrual of interest after 30th June, 2002. (For the above purpose the effective date means the date on which the Order of High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka.)

On 10th July 2009, Honorable High Court of Karnataka has directed the Company to submit the details of payments made to Non-Convertible Debenture holders and subordinated debt holders from 1st April, 2005. Accordingly the details were furnished to Honorable Court. It was submitted before the Honorable Court that the Company has settled substantial portion of Non-Convertible Debentures and Subordinated Debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and quantum of non-convertible debentures and subordinated debts remaining to be settled. Therefore the Company had proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka has permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28th October, 2009. Accordingly, the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka. At present the Company is concentrating only on recovery of its dues and setting the debts.

3. About Covid-19

In the last month of Financial Year 2020, the COVID-19 pandemic developed rapidly in to a global crisis, forcing governments to enforce lock-downs of all economic activities. For the Company, the focus immediately shifted to ensuring health and well-being of all employees and on minimizing disruption to services for all our customers.

4. Dividend:

The Company has not declared any Dividend on equity shares, due to insufficient profit.

5. Reserves:

During the year, the Company has not transferred any amount to General Reserve Account.

6. (a) Share Capital:

The paid up Equity Share Capital as on 31st March, 2020 was Rs.83810 thousand and Preference Share Capital of Rs.29500 thousand. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

During the financial years 1999-2000 and 2001-2001, your Company has issued 29,50,000, 11% Non-cumulative Redeemable Preference Shares of Rs.10/- on preferential allotment basis. Since the said shares are due for redemption during the year 2020-21, the Board of Directors at its meeting held on 25th November, 2020, has approved the offer and issue 29,50,000 fully paid 7% Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- each for cash at par to the existing 11% Non-cumulative Redeemable Preference Shareholders on preferential basis. Pursuant to section 62(1)(c) of the companies Act 2013, any further issue of shares, warrants approval of members by means of a special resolution. Hence, the subject of further issue of preference shares is placed before the members for approval. The Board is also authorized to decide the time and the amount of shares to be allotted depending upon the market conditions prevailing at the time of issue. Accordingly, approval of the members is being sought, by way of Special Resolution at item No 5 of the Notice of the 37th AGM.

(b) Reclassification of Authorised Share Capital:

At present Company's authorized Share Capital is Rs.15,00,00,000/-. In order to accommodate any future issues within the limit of Authorised Share Capital, it is proposed to reclassify the Authorised Share Capital of the Company in the order of 90,00,000 equity shares of Rs.10/- amounting to Rs 9,00,00,000 and 60,00,000 Non Cumulative Redeemable Preference shares of Rs.10/- each amounting to Rs 600,00,000." Making these changes in the capital structure of the company through its Memorandum of association require approval of members by passing a special resolution in this regard.. Hence, the subject on alteration in capital structure in the Memorandum of Association of the company is placed before the members for approval in Item No 4 of the Notice of the 37th AGM.

7. Directors and Key Managerial Personnel:

a. Independent Director :

The current term of Mrs. Vinoda Chandappa Sherigar, Independent Director of the Company expired on 29th June, 2020. On the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors of the Company have re-appointed Mrs. Vinoda Chandappa Sherigar (DIN:07224755) as an Independent Director of the Company for a period of 5 years w.e.f. 29th June 2020 subject to approval of the Members at the ensuing Annual General Meeting (AGM).

A brief profile and other related information of Mrs. Vinoda Chandappa Sherigar has been given in the Notice convening the ensuing AGM.

During the year under review, pursuant to Section 134(3)(d) of the Act declarations were received from all

Independent Directors of the Company confirming that they fulfill the "criteria of independence" specified in Section 149(6) of the Act and Regulation 16(b) of the under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, Mr. Basti Ashok Pai (DIN: 08136975) retires by rotation and being eligible offers himself for re-appointment.

b. Key Managerial Personnel:

In accordance with the provisions of Section 203 of the Act the following are the Key Managerial Personnel of the Company

Sr no.	Name	Designation
1.	Mr. T Narayan M Pai	Managing Director
2.	Mr. T Sanjay Pai	Chief Financial Officer
3.	Ms. Shipra Agarwal	Company Secretary

8. Particulars of Employees:

During the year under review, the Company had no employees whose remuneration exceeded the limit prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subsequent amendments thereto.

Particulars of top ten employees of the Company in terms of remuneration drawn during the year 2019-2020 presented as an annexure to the Board Report during the Board Meeting is preserved separately and the same will be made available to any shareholders on request made to the company in writing.

9. Meetings:

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year four Board Meetings and four Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

a. Board of Directors, Meetings of the Board/Committees/Annual General Meetings.

The Board comprised of three Directors, of which one is executive and two non-executives including a woman director.

The non-executive Directors are eminent personalities with experience in Management and Finance. The Board oversees as to how the management serves and protects the long-term interest of all the stakeholders.

i) Number of Board Meeting and Attendance of Directors:

The Board met 5 times during financial year 2019-2020. The details are as follows:

Date of Meeting	Board Strength	No.of Directors present
30.05.2019	3	3
14.08.2019	3	2
14.11.2019	3	3
16.12.2019	3	3
14.02.2020	3	3

The last AGM was held on 30th September, 2019 and 2 out of 3 Directors are attended the AGM.

ii) The Composition of Board of Directors, their directorships in other companies and memberships in committees and the details of their attendance at the Board Meetings are given below:

Sl No.	Name of the Directors	Category of Directorships	No. of Meetings attended	Attendance at last AGM	No. of other directorship	No. of Board committees in which Chairman(C) Member(M)
1	Sri T Narayan M Pai	Promoter Executive	5	Yes	Nil	3(C)
2.	Sri B Ashok Pai	Non-Executive	4	Yes	Nil	2(M)
3.	Smt Vinoda C Sherigar	Non-Executive	5	No	Nil	2(M)

b. Audit Committee:

The Audit Committee comprised of the following members of the Board:

Sri T Narayan M Pai, Managing Director
Sri B Ashok Pai, Member
Smt Vinoda C Sherigar, Member

The role and terms of reference of Audit Committee cover the areas mentioned under Regulation 72 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and Section 179 of the Companies Act, 2013, besides other terms referred to by the Board of Directors from time to time. During the year, the Committee met on 30.05.19, 14.08.19, 14.11.2019 and 14.02.2020. Sri T Narayan M Pai, Managing Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members present
30.05.2019	3
14.08.2019	2
14.11.2019	3
14.02.2020	3

c. Nomination and Remuneration Committee:

This Committee will attend to the function relating to review of remuneration policy, changes to be effected in the policy from time to time and other aspects of remuneration to the Directors and Key Managerial Personnel from time to time.

Sri T Narayan M Pai, Managing Director is the only whole-time Director of the Company and he does not draw any remuneration.

Details of remuneration for the year ended 31st March, 2020:

i) Whole-Time Director: Nil

ii) Non-Executive Directors & Independent Directors: Non-Executive Directors and Independent Directors were paid remuneration by way of sitting fees for attending Board Meetings.

iii) Key Managerial Personnel: details of remuneration paid Chief Financial Officer of the Company has been furnished in the Annexure I- Form MGT-9 which forms part of the Boards' Report.

d. Stakeholders Relationship Committee :

The Committee approves transfer, transmission, issue of duplicate Share, Debenture Certificates and Sub - Ordinated Debts, review and redress shareholders grievances/complaints on matters relating to transfer of shares, debentures, sub-ordinated debts, non-receipt of Balance Sheet etc.

Mr. T Narayan M Pai, Managing Director is the Compliance Officer.

Number of Shareholders Complaints received : Nil

Number of Shareholders Complaints settled : Nil
Number not solved to the satisfaction of the shareholders: Nil
Number of pending Share transfers : Nil

e. Annual General Meetings:

The last three Annual General Meetings were held in Regd. Office: "Manipal House",- Manipal 576 104.

AGM No.	Date	Time	Special Resolution required
34	27/09/2017	4.00 p.m.	Yes
35	28/09/2018	3.00 p.m.	Yes
36	30/09/2019	3.00 p.m.	No

All the resolutions as set out in the respective notices were passed by the shareholders.

10. Board Evaluation:

Pursuant to provisions of SEBI (LODR) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including *inter alia* degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning. Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors

11. CORPORATE GOVERNANCE:

Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, does not apply to your Company, as your Company's equity share Capital and net worth is below the threshold limit prescribed under the said Regulation. Hence, the Report on Corporate Governance is not provided. Part C , D & E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are not applicable since the company was having paid up equity share capital not exceeding rupees ten crores and net worth not exceeding rupees twenty five crores, as on the last day of the previous financial year.

Part F Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Disclosures with respect to demat suspense account/ unclaimed suspense Account – there are no shares outstanding in demat suspense account or unclaimed suspense account.

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Review of Operations:

The Company is engaged in the business of Hire Purchase and Lease finance and has completed 37 years of operation in this field. During the year 2019-2020, the Company has earned a net profit of Rs.66760 thousands as against the net profit of Rs.8428 thousands in the previous year 2018-2019.

Hire Purchase and Lease finance business is facing severe competition and margins are under great pressure. In the aftermath of stringent Prudential Norms promulgated by the RBI, the NBFCs all across the country suffered a severe setback. Their borrowing capacity is drastically curtailed. With no avenues for further growth, together with ever increasing defaulters in the list of corporate clients, triggered the downfall in the performance of the NBFCs. The situation that has arisen in your Company is in no way different. In spite of these hurdles, the Company has tried its best to salvage the situation by reducing its operational cost on all fronts.

The Company is putting in serious efforts to recover NPA accounts. Criminal complaints under Section 138 of Negotiable Instrument Act are also lodged simultaneously against such defaulters whose cheques were dishonoured. The Company is making good progress on the Recovery Front.

The Company has appointed M/s. N P Pai & Co. Chartered Accountants, Udupi (Firm Regn No. 115271W) as its Internal Auditor.

The discussion on financial performance of the Company is covered in the Director's Report. There has been no material development on the human resource front during the year. The number of employees employed as on 31st March 2020 was 3.

During the year ending 31st March, 2005 the Scheme of Compromise and Arrangement under Section 391 of the Companies Act, 1956 to effect the restructure of Company's debts particularly Debentures and subordinated debts of the Company was framed and presented before the Honorable High Court of Karnataka. Accordingly, the meeting of the Shareholders, Debenture Holders and Subordinated Debt holders were held on 20th April, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from effective date and payment of interest accrued till 30th June, 2002 within 72 months from the effective date. The Scheme as proposed do not provide for accrual of interest after 30th June, 2002. (For the above purpose the effective date means the date on which the Order of High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka.)

On 10th July 2009, Honorable High Court of Karnataka has directed the Company to submit the details of payments made to Non-Convertible Debenture holders and subordinated debt holders from 1st April, 2005. Accordingly the details were furnished to Honorable Court. It was submitted before the Honorable Court that the Company has settled substantial portion of Non-Convertible Debentures and Subordinated Debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and quantum of non-convertible debentures and subordinated debts remaining to be settled. Therefore the Company had proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka has permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28th October, 2009. Accordingly, the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka.

13. CERTIFICATE UNDER REGULATION 34 OF SEBI (LODR) REGULATIONS, 2015

Pursuant to Regulation 34(3) and Schedule V Para C Clause (10) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015] a certificate received from a Company Secretary in practice is enclosed as Annexure- IV.

14. Remuneration Policy & Managerial Remuneration:

None of the Directors of the Company, who may be a Managing or Whole-time Director of the Company's, have received any remuneration, including commission from the Company during the year.

None of the Directors of the Company have received any remuneration or commission from any Holding Company or Subsidiary Company, service contracts, notice period, severance fees, fixed component and performance linked incentives etc.

15. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies

16. Auditors:

a. The Auditors, M/s Sriramulu Naidu & Co., Chartered Accountants, Mangalore (Firm Registration No.008975S) retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment to hold office till the conclusion of the 39th AGM to be held in the Calendar year 2022 subject to ratification in the ensuing Annual General Meeting.

b. In respect of the Qualification / Observation made by the Auditors vide "Basis for Qualified Opinion", "Emphasis of the Matter", and Para 3, 4(e), 4(f), 4(g), 4 (j) (1), 4(j)(2) and 4(j)(3) of the "Report on other Legal and Regulatory Requirements" of "Report on Financial Statements" and Clause Nos.1,5,8,16 of Annexure "A" to the Auditors Report, and Qualification given under Basis for Issues of Qualified Opinion under Annexure "B" for the Auditors Report and the qualifications given in report in relation to matters specified in Para 3 (A) and (B) as per master direction DNBS.PPD.03/66.15.001/2016-17 issued by RBI dated 29th September, 2016, the clarifications given vide Note Nos.13.01, 17.01, 27.01, 27.08, 27.11, 27.14, 27.15, 27.17, 27.18, 27.19, 27.20 and Significant Accounting Policies, Key Accounting Estimates and Judgments I, II (m) to the financial statement are self explanatory.

Secretarial Audit Report:

In terms of Section 204 of the Act and Rules made there under, Sri S Ramachandra Bhat, Practicing Company Secretary (Membership No.04441, C P No.5421) from Bangalore has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure III to this report. As per Section 134 (3f) of the Companies Act 2013 Company is required to make comments on the adverse remarks / comments on the Secretarial Auditor's Report.

1. As per the Secretarial Auditor's Report placed before the Board, the Secretarial auditor have observed that the Company has not published audited financial results in news papers as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) 2015 for the financial year ended 31.03.2020. It is clarified by the company stating that the Company has not published the same due to exemption notification issued by SEBI following outbreak of COVID-19 Pandemic.
2. As per the Secretarial Auditor's Report placed before the Board, the Secretarial Auditor have opined that the company is a defaulter for non-payment of deposits/Debts accepted from the public as per the terms of approval in compliance of the provisions of section 58A of the erstwhile Companies Act 1956 and the Companies (Acceptance of Deposits) Rules 1975. No legally approved scheme is in force for repayment of deposits/Debts accepted from the public. As observed from the records, the company has repaid Deposits/Debts to the tune of Rs.69666 thousand during the financial year ended 31.03.2020

Your Directors reiterate that the company has settled the dues of depositors /debt holders who have approached the company at discounted rate with their mutual consent. At present the Company is only concentrating on recovery of its dues and thereby settling its debts.

3. As per the Secretarial Auditor's Report placed before the Board, the Secretarial Auditor have opined that the Board of Directors of the Company is duly constituted with minimum strength as per section 149(1)(a) of the companies Act 2013. Pursuant to section 149(4) of the companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014, there has to be at least 02 persons to be appointed as Independent Directors on the Board of the Company. However, it is noticed that, the company has appointed only one Independent Director on the Board of the Company.
4. As per the Secretarial Auditor's Report placed before the Board, the Secretarial Auditor have opined that with respect to retirement of Directors by rotation, the company has not fulfilled the requirement of the provisions of section 152 (6)(a) of the companies Act 2013.

In respect of the comments made by the Secretarial Auditor in his report with respect to Note No.3 and 4, your Directors reiterate that the Company will take immediate action for appointment of the required number of directors on the board of the Company.

c. Internal Audit & Controls:

The Company has established and maintained adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and

preparation of financial statements in accordance with accounting principles generally accepted in India. The Company has internal control system commensurate with the size and nature of the business. The Company engages M/s. N P Pai & Co., Chartered Accountants, Udupi ,(Firm Registration No.115271W / Membership No.039351) as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and acted upon and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

d. Vigil Mechanism :

The Company has adopted a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

e. Risk management policy

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and in pursuant to provisions of SEBI (LODR) Regulations, 2015. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. Through this programme, each Function and Unit addresses opportunities and risks through a comprehensive approach aligned to the Company's objectives. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status. Sustainability is embedded in the Corporate Enterprise Risk Management programme, which gives an opportunity to increase the effectiveness of risk management practices and for improving business efficiency. The Company's social and environmental policies correlate strongly with the risk management strategy and ultimately the financial performance. This risk management process, which is facilitated by internal audit, covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlights risks associated with chosen strategies. The current risk slate and the comprehensive risk policy have been further redefined during the year. The major risks forming part of the Enterprise Risk Management process are linked to the audit universe and are covered as part of the annual risk based audit plan.

f. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as ANNEXURE I.

g. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report and changes in nature of business, if any:

There are no such material changes to be reported in this regard and there are no change in nature of business.

h. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:

Your Directors wish to state that there have been no significant or material orders that were passed by the Regulators or Courts or Tribunals which may impact the going concern status and operations of the Company in future.

17. Particulars of loans, guarantees or investments under Section 186:

Details of Loans: Not applicable to NBF Companies since same are given in the ordinary course of business. Further, no loans are given to any party.

Details of Guarantee / Security Provided: : Not applicable to NBF Companies. However no such guarantee or security provided.

Investments made are of the nature quoted /unquoted equity shares. Particulars of such investments are provided in the financial statements vide note No.5.

18. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Company did not have any activity in relation to conservation of energy or technology absorption. The Company had no foreign exchange earnings or outgoings during the year under report.

19. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

20. Deposits:

The details relating to deposits, covered under Chapter V of the Act,-

(a) accepted during the year; Nil

(b) remained unpaid at the end of the year; Rs.90 thousand.

(c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:

(i) at the beginning of the year; Rs.179 thousand

(ii) maximum during the year; Rs.179 thousand

(iii) at the end of the year; Rs.90 thousand

The details of deposits which are not in compliance with the requirements of Chapter V of the Act;

21. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of Companies Act, 2013 ("the Act"). There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholders approval under the provisions of the Act. Details of the transactions with related parties are provided in the Note No.27.09 of accompanying financial statements. Form AOC-2 pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith marked as Annexure II.

22. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has not received any complaint of sexual harassment during the financial year 2019-2020.

23. Corporate Social Responsibility (CSR) : Not applicable

24. Human Resources

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

25. Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

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

26. Transfer of Amounts to Investor Education and Protection Fund

As all the matured deposits, debentures and debts were already claimed, the question of transfer of such amounts to Investor Education and Protection Fund does not arise.

27. LISTING WITH STOCK EXCHANGES:

- 28. The Company confirms that it has paid the Annual Listing Fees for the year 2019-2020 to Bombay Stock Exchange, Mumbai where the Company's Shares are listed.

29. GENERAL SHAREHOLDER INFORMATION:

In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 37th AGM of the Company is being conducted physically by strictly following the necessary advisories issued by the Government in this behalf.

Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 37th AGM and the Annual Report for the year 2019-20 including therein the Audited Financial Statements for year 2019-20, are being sent only by email to the Members.

In line with the MCA Circulars and SEBI Circular, the Annual report of the company will be available on the website of the Company at www.mfgroupco.com and on the website of BSE Limited at www.bseindia.com. The Company is providing remote E-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for remote E-voting are provided in the Notice. Members are requested to read the general instructions for accessing and participating in the 37th AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting as set out in the Notice of 37th AGM

The Company has appointed Cs Ramachandra Bhat S, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

30. Acknowledgements

Your Directors wish to place on record their appreciation of the services and co-operation extended by our Bankers, Investors and Members of Staff of the Company, during the year under report. Your directors also wish to thank the shareholders for their support.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

For and on behalf of the Board of Directors

Sd/-

B Ashok Pai
Director
(DIN:08136975)

Sd/-

T Narayan M pai
Managing Director
(DIN: 00101633)

Place: Manipal
Date: 25.11.2020

Annexure I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L65910KA1984PLC005988
2.	Registration Date	29.3.1984
3.	Name of the Company	Manipal Finance Corporation Ltd.
4.	Category/Sub-category of the Company	--
5.	Address of the Registered office & contact details	'Manipal House, Manipal – 576 104 Udupi Dist. Karnataka. Ph.0820-2570741
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Ltd Principal Office: Subramanian Building, No. 1, Club House Road CHENNAI – 600 002 Email: cameo@cameoindia.com Ph:28460390 (5 lines)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	NBFC	K5	100%

III A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF/Directors	--	1269936	1269936	15.15	--	1269936	1269936	15.15	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	480014	1123881	1603895	19.14	480014	1123881	1603895	19.14	--
e) Banks / FI	--	--	--	--					
f) Any other	----	--	--	--					
Total shareholding of Promoter (A)	480014	2393817	2873831	34.29	480014	2393817	2873831	34.29	--
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	----	--	--	--	--	----	--	--	--

b) Banks / FI	--	300	300	0.04	--	300	300	0.04	--
c) Central Govt	--	--	----	--	--	--	----	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs									
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	----	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	300	300	0.01	--	300	300	0.01	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1250	81292	82542	0.98	1250	81292	82542	0.98	--
ii) Overseas	--	-	-	-	-	-	-	-	--
b) Individuals	-	-	-	-	-	-	-	-	--
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	182382	5123826	5306208	63.31	230863	5075345	5306208	63.31	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	111780	111780	1.33	--	111780	111780	1.33	--
c) Others (specify)	--	--	-	--	--	-	-	-	--
Non Resident Indians	----	6300	6300	0.08	--	6300	6300	0.08	--
Overseas Corporate Bodies	--	--	-	-	--	--	--	-	--
Foreign Nationals	--	-	-	-	--	--	--	-	--
Clearing Members	--	-	-	-	--	--	--	-	--
Trusts	-	-	-	-	--	--	--	-	--
Foreign Bodies - D R	-	-	-	--	--	--	--	-	--
Sub-total (B)(2):-	183632	5323198	5506830	65.71	232113	5274717	5506830	65.71	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	183632	5323498	5507130	65.71	232113	5275017	5507130	65.71	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	663646	7717315	8380961	100	712127	7668834	8380961	100	-

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year	Shareholding at the end of the year
----	--------------------	---	-------------------------------------

		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares
1	Kamalaksha Pai K	4793	0.06	0	4793	0.06	0
2	Narayan M Pai T	6357	0.08	0	6357	0.08	0
3	Vijayalaxmi N Pai	950	0.01	0	950	0.01	0
4	Jayanthi R Pai	5494	0.07	0	5494	0.07	0
5	Vidya	1297	0.02	0	1297	0.02	0
6	Sunithi P Nayak	6272	0.07	0	6272	0.07	0
7	Chetan B Pai	2307	0.03	0	2307	0.03	0
8	Sangeetha	3000	0.04	0	3000	0.04	0
9	Narayan M Pai T	83112	0.99	0	83112	0.99	0
10	Shankarnarayan Aithal K	200	0.00	0	200	0.00	0
11	Vijayalaxmi N Pai	552	0.01	0	552	0.01	0
12	Narayan M Pai T	8356	0.10	0	8356	0.10	0
13	B Manjunath Shenai	868	0.01	0	868	0.01	0
14	Ranga Pai M	5500	0.07	0	5500	0.07	0
15	Suman Pai M	3500	0.04	0	3500	0.04	0
16	Ashok Pai T	2215	0.03	0	2215	0.03	0
17	Neetha	1215	0.01	0	1215	0.01	0
18	Sunil	1515	0.02	0	1515	0.02	0
19	Sanjay	1215	0.01	0	1215	0.01	0
20	Manjunath Shenai B	4868	0.06	0	4868	0.06	0
21	Sharath Investments Ltd.	15183	0.18	0	15183	0.18	0
22	ICDS Ltd.	449163	5.36	0	449163	5.36	0
23	Vijayalaxmi N Pai	50	0.00	0	50	0.00	0
24	Vijayalaxmi N Pai	27	0.00	0	27	0.00	0
25	Vijayalaxmi N Pai	486	0.01	0	486	0.01	0
26	Vijayalaxmi N Pai	1130	0.01	0	1130	0.01	0
27	Savoy Agencies P Ltd.	137718	1.64	0	137718	1.64	0
28	Narayan M Pai T	797	0.01	0	797	0.01	0
29	Rajesh Pai T	1800	0.02	0	1800	0.02	0
30	Manipal Industries Ltd.	12650	0.15	0	12650	0.15	0
31	TVP Consultants Ltd.	701073	8.37	0	701073	8.37	0
32	Manipal Sowbhagya Nidhi Ltd.	212956	2.54	0	212956	2.54	0
33	Manipal Prakashana Pvt Ltd.	35589	0.42	0	35589	0.42	0
34	Praman Capital Market Services Ltd.	28063	0.33	0	28063	0.33	0
35	Vijayalaxmi N Pai	278660	3.32	0	278660	3.32	0
36	Sunil Pai T	278950	3.33	0	278950	3.33	0
37	Narayan M Pai T	278250	3.32	0	278250	3.32	0
38	Narayan M Pai T	278000	3.32	0	278000	3.32	0
39	Sanjay Pai	700	0.01	0	700	0.01	0
40	Sunil Pai	2500	0.03	0	2500	0.03	0
41	Sanjay Pai	2500	0.03	0	2500	0.03	0
42	Sunil Pai	1300	0.02	0	1300	0.02	0
43	Sanjay Pai	1200	0.01	0	1200	0.01	0
44	Manipal Sowbhagya Nidhi Ltd.	11500	0.14	0	11500	0.14	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	--	----	
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	--	--	--	--
3	At the end of the year	--	--	--	--

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	191979	2.30	191979	2.30
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	--
	At the end of the year	191979	2.30	191979	2.30

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	660487	7.88	660487	7.88
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	-	--	-
3	At the end of the year	660487	7.88	660487	7.88

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Rs in `000

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18652	135657	179	154488
ii) Interest due but not paid	5433	8820	17	14270
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	24085	144477	196	168758
Change in Indebtedness during the financial year				
* Addition				
* Reduction	18194	73943	106	92243
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	4393	66080	90	70563
ii) Interest due but not paid	1498	4454	--	5952
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	5891	70534	90	76515

IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Not applicable since no salary to Managing Director

B. Remuneration to other director(s):

SN.	Particulars of Remuneration	Name of Director	Total Amount (Rs. in ,000)
		Vinoda C Sherigar	
1	Independent Directors	Rs.	Rs.
	Fee for attending board committee meetings	12	12
	Commission	--	--
	Others, please specify	--	-
	Total (1)	12	12
2	Other Non-Executive Directors	-	-
	Fee for attending board committee meetings	--	--
	Commission	--	-
	Others, please specify	-	-
	Total (2)	12	-
	Total (B)=(1+2)		-
	Total Managerial Remuneration	12	12

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in ,000)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS Shipra Agarwal	CFO T Sanjay Pai	Total
1	Gross salary	--	Rs.420	Rs.253	Rs.673
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	--	--	--
	others, specify...	--	--	--	--
5	Others, please specify	--	--	--	--
	Total	--	Rs.420	Rs.253	Rs.673

V. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment		-	-		-
Compounding	--	-	-		-
C. OTHER OFFICERS IN DEFAULT--					
Penalty	---	--	-		-
Punishment	--	-	-		-
Compounding	--	--	-		-

Annexure - II

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

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

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of contracts or arrangements or transactions at Arm's length basis : All related party transactions as covered u/s 188 of the Act were entered into during the period prior to 1/4/2015. Therefore making any further disclosures in Form AOC-2 does not arise.

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Manipal Finance Corporation Limited
REGD. OFFICE: "MANIPAL HOUSE "
M A N I P A L - 5 7 6 1 0 4 (Udupi Dist.)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Manipal Finance Corporation Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Manipal Finance Corporation Limited for the financial year ended on 31st March, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The Reserve bank of India Act 1934 and all guidelines and prudential norms framed thereunder to an extent applicable;
6. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1st December, 2015);
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15th May, 2015);

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
7. Central Excise Act, 1944
 8. Customs Act, 1962
 9. Income Tax Act, 1961
 10. Karnataka Tax on Professions, Trade, Callings & Employment Act, 1976
 11. Employee Provident Fund and Miscellaneous Provisions Act, 1952
 12. The Payment of Gratuity Act, 1972
 13. Employee State Insurance Act, 1948
 14. Factories Act, 1948
 15. Payment of Bonus Act, 1972
 16. Minimum Wages Act, 1948
 17. The Payment of Wages Act, 1936
 18. The Trade Unions Act, 1926
 19. Workmen's Compensation Act, 1923
 20. Industrial Disputes Act, 1947
 21. Maternity Benefits Act, 1961
 22. Sexual Harassment at Workplace (Prevention) Act, 2013
 23. Contract Labour (Regulation & Abolition) Act, 1979
 24. The Apprentices Act, 1961
 25. Equal Remuneration Act, 1976
 26. The Environment (Protection) Act, 1986
 27. Industrial (Development & Regulation) Act, 1951

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

- (i) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. *The Company has not published audited financial results in news papers as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) 2015 for the financial year ended 31.03.2020. It is clarified by the company stating that the Company has not published the same due to exemption notification issued by SEBI following outbreak of COVID-19 Pandemic.*
2. *The company is a defaulter for non-payment of deposits/Debts accepted from the public as per the terms of approval in compliance of the provisions of section 58A of the erstwhile companies Act 1956 and the companies (Acceptance of Deposits) Rules 1975. No legally approved scheme is in force for repayment of deposits/Debts accepted from the public. As observed from the records, the company has repaid Deposits/Debts to the tune of Rs.6,96,66,000 during the financial year ended 31.03.2020.*
3. *The Board of Directors of the Company is duly constituted with minimum strength as per section 149(1)(a) of the companies Act 2013. Pursuant to section 149(4) of the companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014, there has to be at least 02 persons to be appointed as Independent Directors on the Board of the Company. However, it is noticed that, the company has appointed only one Independent Director on the Board of the Company.*
4. *With respect to retirement of Directors by rotation, the company has not fulfilled the requirement of the provisions of section 152 (6)(a) of the companies Act 2013.*

We further report that

With respect to convening of Board meetings, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting members for any item.

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

We further report that we could not physically verify few documents/registers/returns due to Lockdown situation in relation to outbreak of Pandemic Covid-19 and I have relied up on the soft copies/information shared with us.

We further report that during the audit period there were no instances of

- a. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- b. Redemption / buy-back of securities
- c. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- d. Merger / amalgamation / reconstruction, etc.
- e. Foreign technical collaborations

Sd/-
Ramachandra Bhat S,
Company Secretary
FCS No.:4441
C P No.:5421

UDIN No.: F004441B001302342

Place: Bangalore
Date: 25.11.2020

This report is to be read with our letter of even date which is annexed as *Annexure A* and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
Manipal Finance Corporation Ltd.
REGD. OFFICE: "MANIPAL HOUSE "
M A N I P A L - 5 7 6 1 0 4 (Udupi Dist.)

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Ramachandra Bhat S,
Company Secretary
FCS No.:4441
C P No.:5421
UDIN No: F004441B001302342

Date: 25.11.2020
Place: Bangalore

WHOLE TIME DIRECTOR/ CFO CERTIFICATION

To

The Board of Directors
Manipal Finance Corporation Ltd,
Manipal

We, Managing Director appointed in terms of the Companies Act, 2013 and Chief Financial Officer of the Company certify to the Board that:

- (a) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, laws and regulations.
- (b) To the best of our knowledge and belief, no transactions are entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) That we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company.
- (d) We have indicated to the Auditors and Audit Committee:
 - (i) No significant changes have taken place in internal control process during the year.
 - (ii) No significant changes in accounting policies during the year.

For Manipal Finance Corporation Ltd

Sd/-	Sd/-
T Sanjay Pai	T Narayan M Pai
Chief Financial Officer	Managing Director
	DIN:00101633)

Place: Manipal
Date: 25/11/2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
MANIPAL FINANCE CORPORATION LIMITED
Manipal House
Manipal-576104

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of MANIPAL FINANCE CORPORATION LIMITED having (CIN: L65910KA1984PLC005988) and having registered office at "Manipal House", Manipal - 576104 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl.NO.	Name	DIN	Date of Appointment in Company*
1	Mr T Narayan M Pai	00101633	01/01/2008
2	Mr Basti Ashok Pai	08136975	30/05/2018
3	Mrs Vinoda Chandappa Sherigar	07224755	29/06/2015

*the date of appointment is as depicted in the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Ramachandra Bhat S,
Company Secretary
FCS No.:4441
C P No.:5421

Place: Bangalore
Date: 25.11.2020

UDIN number F004441B001302584

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANIPAL FINANCE CORPORATION LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **MANIPAL FINANCE CORPORATION LIMITED (CIN: L65910KA1984PLC005988)** ("the Company"), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. We draw attention to Note No. 27.01 of the financial statements. The Company has incurred losses and its majority of funds are blocked in Non Performing Assets, raising a doubt about the Company to continue as a going concern. The Company has presented a scheme of arrangement for restructure of liabilities as detailed in Note No. 13.01 of the financial statements and subsequently withdrawn the same, for reasons given therein. The Company is exploring the possibility of presenting the new scheme of arrangement, as detailed in the aforesaid Notes. The account, however have been prepared on a "going concern basis" in view of management perception as detailed in Note No. 27.01 as aforesaid. However we are unable to comment on the ultimate realisability of Company's assets including the Property, Plant and Equipment under lease. Accordingly we are also unable to comment on the Company's ability to settle its debts/liabilities (including Deposits, Subordinated debts and Secured Redeemable Debentures.)

2. We draw the attention to Note 13.01 of the Financial Statements. The Company has stopped (i) repayment of matured debentures & matured subordinated debts and (ii) payment of interest on debentures and subordinated debts from 1st day of July 2002 and proposed a scheme of arrangement before the Hon'ble High Court of Karnataka, as referred to in the aforesaid Note (which is since withdrawn and we are informed that the Company is exploring the possibility of presenting a new scheme of arrangement). Further the Company has also stopped repayment of deposits matured for repayment from the aforesaid date. All the debts of the Company i.e.

debentures, subordinated debts and deposits are matured for repayment. The Company has provided for interest on deposits/debentures/debts up to 30th June 2002 and not thereafter.

There are also many instances of settlement of debentures, debts and public deposits at the discounted rates with partial/full waiver of interest, which has been done with mutual consent. We are also informed that the remaining depositors/ debenture holders / debt holders have approached the Company for settlement of the dues and the Company is in the process for the same.

As per the information given to us various consumer courts (including the Appellate Authorities/Courts acting under the Consumer Protection Act) have passed the orders, for the repayment of certain deposits/debentures/debts with interest and other costs. The detailed information on these orders have not been made available to us. However we are informed that the Company has settled the dues of such customers in many cases, which also includes settlement at discounted rates with partial/full waiver of interest and many of the remaining such persons have approached the Company for settlement.

We draw attention to the Statement made by the Management of the Company in Note No. 13.01 of the Financial Statement which is as follows: "Considering the facts that the Company has settled the dues of depositors/debenture holders/debt holders at the discounted rates as stated above, that the remaining customers have approached the Company for settlement of their dues, that the orders issued by the various consumer courts including the appellate authorities/courts therein, that the Company has settled the many of such consumer court cases, that the total debts of the Company have reduced considerably because of settlement as aforesaid and that the Company is exploring the possibility of framing the new scheme of arrangement, it is not feasible for the Company to ascertain accurately its liability on any given date".

Considering all the facts as given above, we qualify our opinion that it is not feasible for us to ascertain accurately the liability of the Company as on the date of the Balance Sheet.

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Emphasis of matter:

1. We draw the attention to Note 17.01(b) of the Financial Statements. The Company during the year with a view towards restructuring its liabilities has settled deposits/debentures/subordinated debts at discounted rates. The same has been done with due consent of the parties to deposits, debentures and debts. The interest write back arising out of such settlement is considered as Exceptional Income in the Statement of Profit and Loss. Principal write back arising out of such settlement is considered as capital receipt and taken directly to Capital Reserve (viz: Capital Reserve 2) in the Balance Sheet. This has been done as per the accounting policy followed by the Company, as stated in Note no. 11 (m) of

'Significant accounting policies and key accounting estimates and judgements'. The Company had made similar settlements during the earlier years also, by giving the similar accounting treatment. Our opinion is not modified in this matter.

2. We draw attention to Note 27.17 of the Financial Statements. The Company has earned Profit during the year and also during immediate previous financial year i.e. year ending 31st March 2019 due to Exceptional income as disclosed in Note 26. Our opinion is not modified in this matter.
3. We draw attention to Note 27.16 of the financial statements, as regards to the management evaluation of COVID-19 impact on the future performance of the Company. Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the 'Basis for Qualified Opinion' and 'Emphasis of Matter' section, we have determined that there are no other key audit matters to communicate in our report.

Other Information (other than the Financial Statements and Auditors' Report thereon)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Corporate Governance Report (including shareholders information) and Schedule to Balance Sheet of a Non-Banking Financial Company (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998) but does not include the financial statements and our auditors' report thereon. The above information is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report, the Corporate Governance Report (including shareholders information) and Schedule to Balance Sheet of a Non-Banking Financial Company (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we

are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by the Master Direction DNBS PPD.03/66.15.001/2016-17 dated 29.09.2016 (RBI/DNBS/2016-17/48) issued by the Reserve Bank of India, Department of Non-Banking Supervision Central Office we will be giving a statement of matters specified in paragraph 3(A) & 3(B) of the order at a later date.

3. In terms of press release issued by Reserve Bank of India dated 27.06.2001, we state that:

- a) The Certificate of Registration as issued by the Reserve Bank of India is not in force, since same was cancelled during December 2004.
- b) The Company has not obtained credit rating.
- c) The capital adequacy ratio is negative and accordingly the Company's Loans, advances and investments are above the credit exposure limits.
- d) The Company has not filed the prudential returns and annual returns as per revised directives. However the Company has filed such returns as per the directives as prevailed till 31st March 2011 i.e prudential returns on half yearly basis and annual return once a year.
- e) The public deposits are matured for repayment, but remained unpaid by the Company. However the company has settled some of the deposits at discounted rates without interest. The Company has not provided/paid interest on deposits after 30th June 2002.
- f) The Company has not created floating charge in favour of the depositors, on the statutory liquid assets invested.
- g) The Company has not closed any of its branches during the year. Therefore the question of making any comments therein does not arise.

4. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) Our Qualifications as given under paragraph titled "Basis for qualified opinion" may have adverse effect on the functioning of the Company, if the management perception as detailed in note 27.01 of financial statement does not materialize. However our observation as given under paragraph titled "Emphasis of matter" will not have adverse effect on the functioning of the Company.
- (f) The qualification/observations relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion paragraph" and "Emphasis of Matter paragraph" above

- (g) The Management of the Company is of the opinion that its directors are not disqualified u/s 164(2) of the Companies Act, 2013 for the reasons as stated in Note 27.11 of the financial statements. Accordingly the directors have given the written representations that they are not disqualified to be the directors of the Company u/s 164(2) of the Companies Act, 2013, which has been taken on record by the Board of Directors. Accordingly, we are not expressing opinion on the aforesaid aspect.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (i) With respect to the other matters to be included in Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended :

The Company has not paid any managerial remuneration to its directors, other than sitting fees. In our opinion and to the best of our information and according to the explanations given to us, the remuneration (i.e. sitting fees) so paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (j) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has stated vide 27.10 and 27.18 of the financial statement that the impact of pending litigations on its financial position is not ascertainable for the reasons as stated in the aforesaid notes.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses, which has been confirmed by the management vide note 27.19 of the financial statement.
 - iii. The Company has not transferred any amount to the credit of Investor Education and Protection Fund during the year under audit, for the reason as given by the management vide Note 13.01 and 27.20 of financial statement. Accordingly commenting on delay in transferring the amounts to the aforesaid fund does not arise.

For SRIRAMULU NAIDU & CO
CHARTERED ACCOUNTANTS
Firm's Registration Number: 008975S

Place: MANIPAL
Date : 24th July, 2020

Sd/-
CA Sriramulu Naidu
PARTNER
Membership Number: 018244
UDIN: 20018244AAAAGC7813

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT
(Issued to the Members of
MANIPAL FINANCE CORPORATION LIMITED)
REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING
"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF EVEN DATE

As required by the Companies (Auditor's Report) Order 2016 (hereinafter referred to as "the order"), issued by the Central Government under section 143(11) of the Companies Act, 2013, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets i.e. Property, Plant and Equipment.
- b) We draw attention to Note 27.14 of the financial statements. According to the information and explanations given to us the fixed assets i.e. Property, Plant and Equipment other than those under lease, have been physically verified by the management during the period and no material discrepancies were noticed on such verification as compared to available records. In respect of leased assets physical verification has not been done during the year.
- c) According to the information given to us and on the basis of our examination, all title deeds of free hold immovable properties are held in the name of the company. The title deeds of lease hold immovable properties are supported by Memorandum of agreement entered into with the lessor. We are informed that the original title deeds in respect of immovable properties of land and buildings (both freehold and lease hold), whose title deeds have been pledged as security for debentures, are lying with the Debenture Trustee, as evidenced by the records produced before us and accordingly we have given our report as above, based on the examination of copies of the above said documents.
2. According to the information and explanations given to us, the inventories which consist of shares and securities have been physically verified by the management during the year at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. As per the information and explanation given to us, the company during the year has not granted loans, secured or unsecured to/from companies, firms, LLP or other parties covered in the register maintained under section 189 of the Act. Hence further commenting on clause (iii) of para 3 of the said order does not arise.
4. According to the information and explanations given to us, the Company has not given loans, made any investments or provided any guarantee or security during the year under audit. Accordingly the question of reporting on compliance of section 185 and 186 of the Act does not arise. Therefore the paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion and according to the information and explanation given to us the Company has complied with the directives issued by the Reserve Bank of India, the provision of Section 73

to 76 of the Companies Act, 2013, Companies (Acceptance of Deposit) Rules 2014 and Non Banking Financial Companies (Reserve Bank Directions) with regard to acceptance of deposit from public subject to the exception of renewal of deposits up to 18.01.2000 with maturity dates falling beyond 31st December, 2003, nonpayment of principal/ interest as and when it became due. Our other observations are being made in main audit report under the head 'Basis for qualified opinion". However no fresh deposits have been accepted/renewed during the year under audit. We are informed by the management that the company has not received any order by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of deposits, except the orders from various Consumer Courts (including the Appellate Authorities/Courts acting upon under Consumer Protection Act) regarding repayment of proceeds of debentures/debts/deposits with interest and other costs. The detailed information on these are not made available to us .Therefore we are not in a position to comment on the compliance of aforesaid orders. However we are informed that the Company has settled the dues of many of such cases, which also includes settlement at discounted rates. The Company has also received the order from Reserve Bank of India during December 2004, cancelling the certificate of registration.

6. The Central Government has not prescribed maintenance of cost records under clause (d) of Sub-section (1) of Section 148 of the Companies Act, 2013. Therefore the question of making further comments therein does not arise.
7. a) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues (i.e. provident fund, employees' state insurance, income tax, goods and services tax, customs duty and other material statutory dues applicable to it) with the appropriate authorities, and there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
b) According to the records of the company there are no dues of Sales Tax, Income Tax, Custom Duty, Service Tax, Goods and Services Tax, Excise Duty, Value added tax which have not been deposited due to any dispute.
8. Based on our audit and according to the information and the explanations given to us, we are of the opinion that the company has during the year defaulted in payment of dues to the debenture holders amounting Rs. 5,891thousands (P Y Rs. 24,085thousands). Interest on debentures not paid/provided since 1st day of July 2002. However a scheme of arrangement was submitted before the Hon'ble High Court of Karnataka to repay the debenture with interest thereon in the manner mentioned in the Note No. 13.01 to the financial statements. But the scheme is since withdrawn and the Company is exploring the possibility of presenting a new scheme of arrangement, as detailed in Note No.13.01 as aforesaid.
9. In our opinion and according to the information and explanation given to us, no moneys were raised by the Company by way of initial public offer or further public offer (including debt instruments) during the year under audit. The Company has also not raised any term loan during the year under audit. Hence further commenting on clause (ix) of para 3 of the said order does not arise.

10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanation given to us, no managerial remuneration has been paid during the year under audit. Therefore the clause (xi) of para 3 of the order is not applicable to the Company.
12. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act wherever applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the question of compliance with Section 192 of the Companies Act, 2013 does not arise. Accordingly, the paragraph 3(xv) of the Order is not applicable.
16. The Company was registered under Section 45-IA of the Reserve Bank of India Act, 1934. However The Certificate of Registration as issued by the Reserve Bank of India is not in force, since same was cancelled during December 2004.

For SRIRAMULU NAIDU & CO
Chartered Accountants
Registration Number: 008975S

Sd/-

CA Sriramulu Naidu
Partner

Membership No: 018244
UDIN: 20018244AAAAGC7813

Place: Manipal
Date: 24th July, 2020

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

(Issued to the Members of MANIPAL FINANCE CORPORATION LIMITED)

REFERRED TO IN PARAGRAPH 3(h) UNDER THE HEADING

"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Manipal Finance Corporation Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention of timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitation 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.

Basis for issue of qualified opinion

We draw attention to Note 27.14 of the Financial Statements. The Company has not verified the Fixed Assets under lease falling under the head "leased machineries and equipment" & "leased vehicles and furniture" of Note 9 of the Financial Statement.

Qualified Opinion

In our opinion except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants Of India.

PLACE: MANIPAL
DATE :24th July, 2020

For SRIRAMULU NAIDU & CO
CHARTERED ACCOUNTANTS
Registration Number: 0089755

Sd/-

CA SRIRAMULU NAIDU
Partner
Membership No. 018244
UDIN: 20018244AAAAGC7813

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988
BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in thousands)

Particulars	Note	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial Assets				
(a) Cash and Cash Equivalents	1	3,355	1,933	2,049
(b) Bank Balances other than (a) above	2	1,191	1,124	1,067
(c) Derivative Financial Instruments		-	-	-
(d) Receivables				
(i) Trade Receivables	3	-	-	-
(ii) Other Receivables		-	-	-
(e) Loans	4	-	-	-
(f) Investments	5	6,869	6,869	6,869
(g) Other Financial Assets	6	506	762	1,668
Total Financial Assets		11,921	10,688	11,653
(2) Non-Financial Assets				
(a) Inventories		-	-	-
(b) Current Tax Assets (Net)	7	801	322	340
(c) Deferred Tax Assets (Net)		-	-	-
(d) Investment Property	8	2,203	2,501	2,705
(e) Biological Assets other than Bearer Plants		-	-	-
(f) Property, Plant and Equipment	9	6,777	8,988	9,434
(g) Capital Work-in-Progress		-	-	-
(h) Intangible Assets under Development		-	-	-
(i) Goodwill		-	-	-
(j) Other Intangible Assets		-	-	-
(k) Other Non-Financial Assets	10	646	590	582
Total Non-Financial Assets		10,427	12,401	13,061
Total Assets		22,348	23,089	24,714
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) Derivative Financial Instruments		-	-	-
(b) Payables				
(i) Trade Payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11	338	341	270
(ii) Other Payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(c) Debt Securities		-	-	-
(d) Borrowings (Other than Debt Securities)		-	-	-
(e) Deposits		-	-	-
(f) Subordinated Liabilities	12	29,500	29,500	29,500
(g) Other Financial Liabilities	13	134,502	208,806	224,207
Total Financial Liabilities		164,340	238,647	253,977
(2) Non-Financial Liabilities				
(a) Current Tax Liabilities (Net)		-	-	-
(b) Provisions	14	88	94	104
(c) Deferred Tax Liabilities (Net)		-	-	-
(d) Other Non-Financial Liabilities	15	40,105	40,725	40,756
Total Non-Financial Liabilities		40,193	40,819	40,860
EQUITY				
(a) Equity Share Capital	16	83,810	83,810	83,810
(b) Other Equity	17	(265,995)	(340,187)	(353,933)
Total Equity		(182,185)	(256,377)	(270,123)
Total Liabilities and Equity		22,348	23,089	24,714

Notes 1 to 27 and 'Significant accounting policies and key accounting estimates and judgements' form an integral part of the financial statements

As per our report of even date
For M/s Sriramulu Naidu & Co
Chartered Accountants
Firm Registration No : 0089755

For and on behalf of the Board of Directors of
Manipal Finance Corporation Limited

Sd/-
CA Sriramulu Naidu
Partner
Membership No. : 018244
UDIN: 20018244AAAAGC7813
Manipal
July 24, 2020

Sd/-
T. Narayan M Pai
Managing Director
DIN: 00101633

Sd/-
Vinoda Sherigar
Director
DIN: 07224755

Sd/-
T. Sanjay Pai
Chief Finance Officer

Sd/-
Shipra Agrawal
Company Secretary
M. No. : A37076

Manipal
July 24, 2020

Manipal
July 24, 2020

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from Operations:			
(i) Interest Income	18	67	79
(ii) Dividend Income	19	527	237
(iii) Rental Income	20	1,934	1,538
(iv) Fees and Commission Income		-	-
(v) Net Gain on Fair Value Changes		-	-
(vi) Net Gain on Derecognition of Financial Instruments under Amortised Cost Category		-	-
(vii) Sale of Products (including Excise Duty)		-	-
(viii) Sale of Services		-	-
(ix) Others		-	-
Total Revenue from Operations (I)		2,528	1,854
II Other Income	21	260	525
III Total Income (I+II)		2,788	2,379
IV Expenses:	22	1,279	513
(i) Finance Costs		-	-
(ii) Fees and Commission Expense		-	-
(iii) Net Loss on Fair Value Changes		-	-
(iv) Net Loss on Derecognition of Financial Instruments under Amortised Cost Category		-	-
(v) Impairment of Financial Instruments		-	-
(vi) Cost of Materials Consumed		-	-
(vii) Purchases of Stock-in-Trade		-	-
(viii) Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		-	-
(ix) Employee Benefits Expenses	23	1,314	1,042
(x) Depreciation, Amortisation and Impairment	24	621	650
(xi) Other Expenses	25	3,051	1,877
Total Expenses (IV)		6,265	4,082
V Loss before Exceptional Items and Tax (III-IV)		(3,477)	(1,703)
VI Exceptional Items - Income (Net)	26	70,237	10,131
VII Profit before Tax (V-VI)		66,760	8,428
VIII Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Net Tax Expense		-	-
IX Profit for the year from continuing operations (VII-VIII)		66,760	8,428
X Profit from discontinued operations before tax		-	-
XI Tax Expense of discontinued operations		-	-
XII Profit from discontinued operations (after tax) (X-XI)		-	-
XIII Profit for the year (IX+XII)		66,760	8,428
XIV Other Comprehensive Income:			
A (i) Items that will not be reclassified subsequently to Statement of Profit and Loss			
- Remeasurement of Defined Employee Benefit Plans	26A	87	10
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
Subtotal (A)		87	10
B (i) Items that will be reclassified subsequently to Statement of Profit and Loss			
- Fair Value Gain on Financial Assets carried at FVTOCI		-	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
Subtotal (B)		87	10
Total Other Comprehensive Income/(Losses) (A+B) (XIV)		87	10
XV Total Comprehensive Income for the year (XIII+XIV)(Comprising Profit and Other Comprehensive Income for the year)		66,847	8,438
XVI Earnings per equity share (for continuing operations) (Rs 10/- each fully paid)			
(1) Basic	26B	7.97	1.01
(2) Diluted	26B	7.97	1.01
XVII Earnings per equity share (for discontinuing operations) (Rs 10/- each fully paid)			
(1) Basic	26B	7.97	1.01
(2) Diluted	26B	7.97	1.01
XVIII Earnings per equity share (for continuing & discontinued operations) (Rs 10/- each fully paid)			
(1) Basic	26B	7.97	1.01
(2) Diluted	26B	7.97	1.01

Notes 1 to 27 and 'Significant accounting policies and key accounting estimates and judgements' form an integral part of the financial statements

As per our report of even date
For M/s Sriramulu Naidu & Co
Chartered Accountants
Firm Registration No. : 0089755

For and on behalf of the Board of Directors of
Manipal Finance Corporation Limited

Sd/-
CA Sriramulu Naidu
Partner
Membership No. : 018244
UDIN: 20018244AAAAGC7813
Manipal
July 24, 2020

Sd/-
T. Narayan M Pai
Managing Director
DIN: 00101633

Sd/-
Vinoda Sherigar
Director
DIN: 07224755

Sd/-
T. Sanjay Pai
Chief Finance Officer

Sd/-
Shipra Agrawal
Company Secretary
M. No. : A37076

Manipal
July 24, 2020

Manipal
July 24, 2020

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 114
 CIN: L65910KA1994PLC006998
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital

Particulars	Number of Shares	Rs. in thousands
Balance as at April 01, 2018	8,380,961	83,810
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	8,380,961	83,810
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	8,380,961	83,810

b. Other equity

Particulars	Reserves and surplus										Total					
	Share application money pending allotment	Equity component of compound financial instruments	Statutory Reserves	Capital Reserve	Securities Premium	Other Reserves	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income		Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other Comprehensive Income - Changes in Fair Value of Defined Benefit Plan - Gratuity	Money received against share warrants
Balance as at April 01, 2018	-	-	4,000	225,209	28,995	-	1,906	(614,037)	-	-	-	-	-	-	-	(553,947)
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	8	-	-	-	-	-	-	-	8
Revised balance as at April 01, 2018	-	-	4,000	225,209	28,995	-	1,906	(614,043)	-	-	-	-	-	-	-	(553,939)
Profit for the year	-	-	-	-	-	-	-	8,428	-	-	-	-	-	-	10	8,428
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10
Total comprehensive income for the year	-	-	-	-	-	-	-	8,428	-	-	-	-	-	-	20	8,428
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	-	4,000	227,863	28,995	-	1,906	(605,615)	-	-	-	-	-	-	97	(265,995)

Notes 1 to 27 and "Significant accounting policies and key accounting estimates and judgements" form an integral part of the financial statements

As per our report of even date
 For M/s. Sri Ramulu Naidu & Co
 Chartered Accountants
 Firm Registration No. : 0087755

For and on behalf of the Board of Directors of
Manipal Finance Corporation Limited

Sd/-
 C.A. Sri Ramulu Naidu
 Partner
 Membership No. 018244
 UDIN: 20018244AAAGC813
 Manipal
 July 24, 2020

Sd/-
T. Narayan M Pai
 Managing Director
 DIN: 00181633

Sd/-
T. Sanjay Pai
 Chief Finance Officer
 Manipal
 July 24, 2020

Sd/-
Shilpa Agrawal
 Company Secretary
 M. No. : A37076,
 Manipal
 July 24, 2020

Manipal
 July 24, 2020

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	(Rs. in thousands)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
I CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	66,760	8,428
<i>Ind AS adjustments</i>		
Rental income (Ind AS adjustment)	(51)	(134)
Interest expense (Ind AS adjustment)	79	107
Exceptional items	66,788	8,401
Interest income	(70,237)	(10,131)
Dividend income	(67)	(79)
Interest on income tax refund	(527)	(237)
Depreciation, amortisation and impairment	(19)	(10)
	621	650
Operating profit before working capital changes	(3,441)	(1,406)
Movements in working capital:		
Decrease/(Increase) in loans	-	-
Decrease/(Increase) in receivables, other financial assets and other-non financial assets	3,943	9,624
Increase/(Decrease) in payables	(3)	71
Increase/(Decrease) in other financial liabilities	26,300	8,186
Increase/(Decrease) in other non-financial liabilities	(8)	(67)
Cash generated from operations	26,791	16,408
Interest paid	(856)	(2,075)
Direct taxes paid (net of refund)	(479)	18
Net cash flows from/(used in) operating activities (A)	25,456	14,351
II CASH FLOW FROM INVESTING ACTIVITIES		
Receipt / (Payment) of lease security deposit	(9,000)	256
Proceeds from Sale of Investment Property	61,000	-
Interest income	86	89
Decrease/(Increase) in bank deposits	(67)	(57)
Dividend income	527	237
Decrease/(Increase) in investments	-	-
Net cash flows from/(used in) investing activities (B)	52,546	525
III CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in deposits/subordinated debts/debentures	(76,580)	(14,992)
Net cash flows from/(used in) financing activities (C)	(76,580)	(14,992)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,422	(116)
Cash and cash equivalents at the beginning	1,933	2,049
Cash and cash equivalents at the end of the year	3,355	1,933

Notes 1 to 27 and 'Significant accounting policies and key accounting estimates and judgements' form an integral part of the financial statements

NOTE: I. Cash Flow Statement is prepared under Indirect Method as prescribed under Ind AS 7.

II. Cash And Cash Equivalents do not include Bank Deposits with Maturity period beyond 3 Months, Earmarked Deposits, Deposits Kept as Margin Money.

III. Refer Note 27.13 to Financial Statements for further disclosures in relation to Cash Flow Statement

As per our report of even date

For M/s Sriramulu Naidu & Co

Chartered Accountants

Firm Registration No. : 008975S

Sd/-

CA Sriramulu Naidu

Partner

Membership No. : 018244

UDIN: 20018244AAAAGC7813

Manipal

July 24, 2020

For and on behalf of the Board of Directors of
Manipal Finance Corporation Limited

Sd/-

T. Narayan M Pai

Managing Director

DIN: 00101633

Sd/-

Vinoda Sherigar

Director

DIN: 07224755

Sd/-

T. Sanjay Pai

Chief Finance Officer

Sd/-

Shipra Agrawal

Company Secretary

M. No. : A37076

Manipal
July 24, 2020

Manipal
July 24, 2020

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
1.	CASH AND CASH EQUIVALENTS (Refer Note 1.01)			
	(a) Cash on hand	5	5	5
	(b) Balances with banks in current accounts	3,350	1,928	2,044
	Total	3,355	1,933	2,049

Note 1.01 Balances with banks earn interest at fixed rates. Cash and cash equivalents do not include term deposits kept with a maturity period of beyond 3 months, earmarked balances with banks and bank deposits held as margin money or security against borrowings etc. The same are being disclosed in Note No. 2 below.

2.	OTHER BALANCES WITH BANKS (Refer Note 2.01 & 2.02)			
	Balances with banks in deposit accounts	1,191	1,124	1,067
	Total	1,191	1,124	1,067

Note 2.01 Fixed deposits with banks earn interest at fixed rates. Out of the above,
a) Rs. 66 thousand (March 31, 2019- Rs. 66 thousand; April 01, 2018- Rs. 66 thousand) has been pledged with the sales tax authorities, and
b) Rs. 1125 thousand (March 31, 2019- Rs. 1,058 thousand; April 01, 2018- Rs. 1,001 thousand) has been kept as SLR with Reserve Bank of India and this amount includes interest accrued thereon.

Note 2.02 The fixed deposits as stated above have a maturity period of above 12 months.

3.	TRADE RECEIVABLES (Refer Note 3.01 to 3.05)			
	(a) Receivables considered good - secured	-	-	-
	(b) Receivables considered good - unsecured	-	-	-
	(c) Receivables which have significant increase in credit risk - unsecured	-	-	-
	(d) Receivables - credit impaired - unsecured	20,134	62,534	76,034
		20,134	62,534	76,034
	Less - Allowance for impairment loss			
	(a) Significant increase in credit risk	-	-	-
	(b) Credit impaired	20,134	62,534	76,034
	Total	-	-	-

Note 3.01 The trade receivables include the due portion of lease and hire purchase, which are already matured.

Note 3.02 No trade receivable is due from directors or other officers of the Company either severally or jointly with any other person. No trade receivable is due from firms or private companies respectively, in which any director is partner, a director or a member.

Note 3.03 The balances in trade receivables are subject to confirmation.

Note 3.04 For the Company's impairment policy related to trade receivables, refer note 27.12 of Financial statements

Note 3.05 Refer Note 27.03 of Financials statements for disclosures regarding credit risk

(Rs. in thousands)

Ageing of Trade Receivables (Before impairment allowance)	0-5 years past due date	More than 5 years past due date	Total
March 31, 2020	-	20,134	20,134
March 31, 2019	-	62,534	62,534
April 01, 2018	-	76,034	76,034

Note: The balance in Trade Receivables have been fully provided for and therefore the carrying value is Nil.

(Rs. in thousands)

Reconciliation of impairment allowance	March 31, 2020	March 31, 2019	April 01, 2018
Opening impairment allowance	62,534	76,034	
Addition (Reduction) during the year *	(42,400)	(13,500)	
Closing impairment allowance	20,134	62,534	76,034

* Addition or reduction during the year is on account of recoveries made and/or write offs.

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
4.	LOANS (Refer Note 4.01 to 4.06)			
	(A)			
	- Amortised Cost			
	(i) Bills discounted	-	5,187	5,187
	(ii) Term loans	213,068	235,927	235,927
	Less: Impairment loss allowance	213,068	241,114	241,114
	Total (A)	-	-	-
	(B)			
	- Amortised Cost			
	(i) Secured by tangible assets			
	Secured by book debts	1,932	1,932	1,932
	(ii) Unsecured	211,136	239,182	239,182
	Less: Impairment loss allowance	213,068	241,114	241,114
	Total (B)	-	-	-
	(C)			
	- Loans in India			
	- Amortised Cost			
	(i) Others			
	Retail	1,686	12,891	12,891
	Corporate	211,382	228,223	228,223
	Less: Impairment loss allowance	213,068	241,114	241,114
	Total (C)	-	-	-

Note 4.01 The Company had assigned under an assignment deed certain debts and recoverables consisting inter alia stock on hire along with equal liabilities of the Company to the extent of Rs. 2,66,292 thousand on 30.09.1998 to Vedachala Electronics & Financial Services Private Limited (VEFSPL). The Company had discharged the assigned liabilities of VEFSPL on its failure to service the same in terms of the Assignment deed, which has resulted in Rs. 2,11,136 thousand (March 31, 2019- Rs. 2,11,136 thousand; April 01, 2018- Rs. 2,11,136 thousand) receivable from VEFSPL. The Company based on the estimated recovery has made a provision of Rs. 2,11,136 thousand (March 31, 2019- Rs. 2,11,136 thousand; April 01, 2018- Rs. 2,11,136 thousand) against the receivables of VEFSPL. The same has been classified above as unsecured term loan from India, measured at amortised cost.

Note 4.02 No Loans is due from directors or other officers of the Company either severally or jointly with any other person. No Loans is due from firms or private companies respectively, in which any director is partner, a director or a member.

Note 4.03 The balances given above are subject to confirmation.

Note 4.04 Refer note 27.12 of Financial statements for information regarding impairment of assets.

Note 4.05 Refer Note 27.03 of Financials statements for disclosures regarding credit risk.

Note 4.06 The disclosures required under section 186 (4) of Companies act 2013 are not applicable to a NBFC.

(Rs. in thousands)

Reconciliation of impairment allowance	March 31, 2020	March 31, 2019	April 01, 2018
Opening impairment allowance	241,114	241,114	
Addition/(Reduction) during the year *	(28,046)	-	
Closing impairment allowance	213,068	241,114	241,114

* Addition or reduction during the year is on account of recoveries made and/or write offs.

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
5.	INVESTMENTS (Refer Note 5.01 to 5.04)			
	In India- carried at Fair Value through Profit or Loss			
	(a) Fully paid equity shares (quoted)	1	1	1
	(b) Fully paid equity shares (unquoted)	6,867	6,867	6,867
	(c) Investment in Preference Shares	1	1	1
	Total	6,869	6,869	6,869

Note 5.01 Out of the above, the fully paid equity shares (quoted) are held-for-trading and the fully paid equity shares (unquoted) and preference shares are held as long term investments.

Note 5.02 The Company received Rs. 527 thousand (2018-19- Rs. 237 thousand) as dividend from the above investments.

Note 5.03 For the Company's policy on impairment of investments, refer Note No. 27.12 of Financial statements

(Rs. in thousands)

(a)	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	<u>Equity Instruments (Quoted)</u>			
	ICDS Limited (53,531 shares of Face Value Rs. 10 each)	*	*	*
	Praman Capital Market Services Limited (10,000 shares of Face Value Rs. 10 each)	*	*	*
	Arvind Limited (9 shares of Face Value Rs. 10 each)	*	*	*
	Modern Threads (I) Limited (150 shares of Face Value Rs. 10 each)	*	*	*
	Rajinder Steel Limited (100 shares of Face Value Rs. 10 each)	*	*	*
	Lloyds Steel Industries Limited (68 shares of Face Value Rs. 10 each)	1	1	1
	Uttam Value Steels Limited (500 shares of Face Value Rs. 1 each)	*	*	*
	Sangeetha Granites Limited (500 shares of Face Value Rs. 10 each)	*	*	*
		1	1	1
	<i>(* market value of these shares is taken as 'nil' since these shares are not actively traded)</i>			
	<u>Equity Instruments (Unquoted)</u>			
	Manipal Housing Finance Syndicate Limited (5,23,094 shares of Face value Rs. 10 each)	6,762	6,762	6,762
	Karnataka Rubbers Limited (50 shares of Face Value Rs. 100 each)	-	-	-
	Shamrao Vithal Co-operative Bank Limited (1,000 shares of Face Value Rs. 25 each)	25	25	25
	MPL Enterprises Limited (13,382 shares of Face Value of Rs. 10 each)	80	80	80
		6,867	6,867	6,867
	<u>Preference Shares (Unquoted)</u>			
	Triveni Engineering & Industries Ltd. (12% redeemable cumulative) (30 shares of Face Value Rs. 10 each)	1	1	1
		1	1	1

Note 5.04 The above list of shares is to be considered as disclosure under Section 186(4) of the Companies Act 2013.

MANIPAL FINANCE CORPORATION LIMITED

MANIPAL HOUSE, MANIPAL - 576 104

CIN: L65910KA1984PLC005988

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
6.	OTHER FINANCIAL ASSETS (Refer Note 6.01 & 6.02)			
	Other receivables	506	762	1,668
	Total	506	762	1,668
	<p>Note 6.01 The balance in 'Other receivables' includes deposits kept in pursuance of orders of the Consumer Courts.</p> <p>Note 6.02 No Receivables is due from directors or other officers of the Company either severally or jointly with any other person. No Receivables is due from firms or private companies respectively, in which any director is partner, a director or a member.</p>			
7.	CURRENT TAX ASSETS (NET)			
	Advance Income Tax and TDS (net of provisions) [net of provision for income tax Rs. 00 thousand (March 31, 2018- Rs. 00 thousand; April 01, 2018- Rs. 00 thousand)]	801	322	340
	Total	801	322	340
8.	INVESTMENT PROPERTY (Refer Note 8.01 to 8.10)			
	Buildings			
	Gross Block			
	Opening Balance	2,705	2,705	
	Additions/Disposals	(380)	-	
	Closing Balance	2,325	2,705	
	Accumulated Depreciation and Impairment			
	Opening Balance	204	-	
	For the year	175	204	
	Additions/Disposals	(257)	-	
	Closing Balance	122	204	
	Net Block	2,203	2,501	2,705
	<p>Note 8.01 The original cost of Investment Property as on March 31, 2020 is Rs. 3,839 thousands (March 31, 2019- Rs. 5,393 thousand; April 01, 2018- Rs. 5,393 thousand)</p> <p>Note 8.02 The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.</p> <p>Note 8.03 Carrying value of Investment property pledged as collateral for liabilities or commitments as at March 31, 2020 is Rs. 414 thousand (March 31, 2019- Rs. 2,429 thousand; April 01, 2018- Rs. 2,584 thousand).</p> <p>Note 8.04 Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. Investment Property includes property agreed to be sold as detailed in Note No. 15.</p> <p>Note 8.05 Refer Note 26 for Profit on sale of Investment Property.</p> <p>Note 8.06 Disclosures with regard to Measurement, Depreciation Method etc. of Investment property is given vide sub-note (e) of Significant Accounting Policies, Key Accounting Estimates and Judgements.</p> <p>Note 8.07 Disclosures with regard to option exercised under Ind AS 101 i.e. the first time adoption, with regard to Investment property is given vide sub-note (u) of Significant Accounting Policies, Key Accounting Estimates and Judgements.</p> <p>Note 8.08 Refer Note 27.12 of Financial statements for company's policy on impairment</p> <p>Note 8.09 The management has not assessed the fair value of the the investment properties considering the cost involved therein. However management is of the opinion that the carrying value does not exceed the fair value of the asset considering the fact that the investment in property was made more than two decades ago and the value of the property has increased over the period.</p>			
	(Rs. in thousands)			
Note 8.10	Amounts recognised in Statement of Profit and Loss for Investment Property	Year ended March 31, 2020	Year ended March 31, 2019	
	Rental income	1,934	1,538	
	Direct operating expenses from properties that generated rental income	287	106	
	Profit from investment properties before depreciation	1,647	1,432	
	Depreciation	175	204	
	Profit from investment properties	1,472	1,228	

MANIPAL FINANCE CORPORATION LIMITED

MANIPAL HOUSE, MANIPAL - 576 104

CIN: L65910KA1984PLC005988

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

9. PROPERTY, PLANT AND EQUIPMENT

(Refer Note 9.01 to 9.09)

Particulars	Accumulated depreciation and amortisation						Net Carrying Value			
	Opening balance as at April 1, 2019	Additions/ Adjustments	Deletions	Closing balance as at March 31, 2020	Opening balance as at April 1, 2019	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2020	As at March 31, 2020	As at March 31, 2019
OWN ASSETS										
Land- Freehold	2,025	-	1,765	260	-	-	-	-	260	2,025
Buildings- Freehold	4,023	-	-	4,023	95	-	-	190	3,833	3,928
Office Furnitures and Fixtures	354	-	-	354	-	-	-	-	354	354
Office Equipments	43	-	-	43	-	-	-	-	43	43
Assets given on lease:										
Leased Machineries and Equipments	1,671	-	-	1,671	-	-	-	-	1,671	1,671
Leased Vehicles and Furnitures	2	-	-	2	-	-	-	-	2	2
Total (A)	8,118	-	1,765	6,353	95	-	-	190	6,163	8,023
LEASED ASSETS										
Buildings- Leasehold * (B)	1,316	-	-	1,316	351	-	-	702	614	965
Total (A+B)	9,434	-	1,765	7,669	446	-	-	892	6,777	8,988

(Rs. in thousands)

MANIPAL FINANCE CORPORATION LIMITED

MANIPAL HOUSE, MANIPAL - 576 104

CIN: L65910KA1984PLC005988

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Gross Block				Accumulated depreciation and amortisation			Net Carrying Value		
	Opening balance as at April 1, 2018 **	Additions/ Adjustments	Deletions	Closing balance as at March 31, 2019	Opening balance as at April 1, 2018	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2019	As at March 31, 2019	As at March 31, 2018
OWN ASSETS										
Land- Freehold	2,025	-	-	2,025	-	-	-	-	2,025	2,025
Buildings- Freehold	4,023	-	-	4,023	-	95	-	95	3,928	4,023
Office Furnitures and Fixtures	354	-	-	354	-	-	-	-	354	354
Office Equipments	43	-	-	43	-	-	-	-	43	43
Assets given on lease										
Leased Machineries and Equipments	1,671	-	-	1,671	-	-	-	-	1,671	1,671
Leased Vehicles and Furnitures	2	-	-	2	-	-	-	-	2	2
Total (A)	8,118	-	-	8,118	-	95	-	95	8,023	8,118
LEASED ASSETS										
Buildings- Leasehold * (B)	1,316	-	-	1,316	-	351	-	351	965	1,316
Total	9,434	-	-	9,434	-	446	-	446	8,988	9,434

*Represents building constructed on leasehold land

**Deemed cost as on April 01, 2018

Note 9.01 The original cost of Property, Plant and Equipment as on 31 March, 2020 is Rs. 2,06,841 thousands

Note 9.02 For the Company's policy on measurement, depreciation method etc. refer sub note (d) of Significant accounting policies. Key accounting estimates and Judgments

Note 9.03 Building (freehold) includes property, plant and equipment given on lease. Leased machinery and equipment and furniture represent property, plant and equipment given on lease.

Note 9.04 Carrying value of property, plant and equipment pledged as collateral for liabilities or commitments as at March 31, 2020 is Rs. 4,595 thousand (March 31, 2019: Rs. 5,041 thousand, April 01, 2018: Rs. 5,488 thousand).

Note 9.05 Land and Building (freehold) and Investment Property as per Note 8 includes the property agreed to be sold as detailed in Note No. 15

Note 9.06 Disclosures with regard to option exercised under Ind AS 101 i.e. the first time adoption, with regard to Property, Plant and Equipment is given vide sub-note (u) of Significant Accounting Policies. Key Accounting Estimates and Judgments

Note 9.07 For details regarding charges on property, plant and equipment, refer Note No. 13.02

Note 9.08 No borrowing cost was incurred towards any qualifying asset. Hence, no borrowing cost is being capitalised during the reporting period

Note 9.09 Refer Note 27.12 of Financial statements for company's position on impairment

MANIPAL FINANCE CORPORATION LIMITED
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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr No.	PARTICULARS	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018																					
10.	OTHER NON-FINANCIAL ASSETS (Refer Note 10.01 & 10.02) Plan asset - Gratuity Fund Other non-financial assets Total	 81 565 646	 - 590 590	 - 582 582																					
<p>Note 10.01 The balance in 'Other non-financial assets' consists of deposit given for electricity, telephone, rent deposit etc</p> <p>Note 10.02 Asset in respect of gratuity fund represents the excess of fair value of gratuity plan assets over present value of gratuity plan obligations as at year end and as valued by independent actuarial valuer</p>																									
11.	TRADE PAYABLES (Refer Note 11.01 & 11.02) (a) Total outstanding dues of micro enterprises and small enterprises (b) Total outstanding dues of creditors other than micro enterprises and small enterprises Total	 - 338 338	 - 341 341	 - 270 270																					
<p>Note 11.01 There are no outstanding dues to Micro and Small enterprises as on the date of the Balance Sheet as disclosed in the above note. Accordingly, there are no other disclosures to be made as required under Para K to "General Instructions for preparation of Balance Sheet" of Division III of Schedule III to Companies Act 2013. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company's management. This has been relied upon by the auditors.</p> <p>Note 11.02 Balances held under trade payables as above are subject to confirmation and reconciliation</p>																									
12.	SUBORDINATED LIABILITIES (Refer Note 12.01 to 12.03) (A) - Amortised Cost Preference Shares other than those that qualify as Equity Total (A) (B) - Liabilities in India - Amortised Cost Preference Shares other than those that qualify as Equity Total (B)	 29,500 29,500 29,500 29,500	 29,500 29,500 29,500 29,500	 29,500 29,500 29,500 29,500																					
<p>Note 12.01 29,50,000 Non-Cumulative Redeemable Preference Shares were issued to Preference Shareholders of 17% Redeemable Cumulative Preference Shareholders in consideration of their redemption on the following dates: 20,00,000 Shares on 16th January 2001 & 9,50,000 Shares on 6th September 2001. Non-Cumulative Redeemable Preference Shares shall be redeemable at par after the expiry of 12 months but not later than 20 years from the respective dates of allotment at the option of the holders of such shares by giving 3 months' notice or at the discretion of the Board of Directors. The shares are entitled for preferential right over dividend (before the equity shareholders) at the rate of 11%, which is to be proposed by the Board of Directors, which is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of payment of dividend as interim dividend. However, the shares are Non-Cumulative and therefore the shareholders are not entitled to carry forward the dividend of a year to the forthcoming years in case the same is not declared in a year. In the event of liquidation, such shareholders are eligible to receive the face value (after distribution of all preferential amounts) before the distribution of assets to the equity shareholders. In case the assets available are not sufficient to cover up the face value, then the same will be distributed in proportion to their shareholding, if there is surplus available after distribution of all preferential amounts.</p>																									
<p>Note 12.02 Details of shareholders holding more than 5% of Preference shares: Mr Narayan Pai T - 4,91,667 shares (March 31, 2019 - 4,91,667 shares) (Shareholding percentage - 16.67%, (March 31, 2019 - 16.67%)), Mrs Vajayalakshmi N Pai - 4,91,667 shares (March 31, 2019 - 4,91,667 shares) (Shareholding percentage - 16.67%, (March 31, 2019 - 16.67%)), Mr T Sanjay Pai - 4,91,667 shares (March 31, 2019 - 4,91,667 shares) (Shareholding percentage - 16.67%, (March 31, 2019 - 16.67%)), Mr T Sunil Pai - 4,91,667 shares (March 31, 2019 - 4,91,667 shares) (Shareholding percentage - 16.67%, (March 31, 2019 - 16.67%)), Mrs Sangeeta Pai - 4,91,666 shares (March 31, 2019 - 4,91,666 shares) (Shareholding percentage - 16.66%, (March 31, 2019 - 16.66%)), Mrs Pranita Pai - 4,91,666 shares (March 31, 2019 - 4,91,666 shares) (Shareholding percentage - 16.66%, (March 31, 2019 - 16.66%)) (April 01, 2018 - Sunukha Trust, Manipal - 29,50,000 shares (Shareholding percentage - 100%))</p>																									
<p>Note 12.03 Reconciliation of number of shares outstanding:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">No. of shares</th> <th style="text-align: center;">Rs. in thousands</th> </tr> </thead> <tbody> <tr> <td colspan="3">11% Non-Cumulative Redeemable Preference Shares</td> </tr> <tr> <td>Opening balance as on April 01, 2018</td> <td style="text-align: right;">2,950,000</td> <td style="text-align: right;">29,500</td> </tr> <tr> <td>Changes during the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Closing Balance as on March 31, 2019</td> <td style="text-align: right;">2,950,000</td> <td style="text-align: right;">29,500</td> </tr> <tr> <td>Changes during the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Closing Balance as on March 31, 2020</td> <td style="text-align: right;">2,950,000</td> <td style="text-align: right;">29,500</td> </tr> </tbody> </table>					Particulars	No. of shares	Rs. in thousands	11% Non-Cumulative Redeemable Preference Shares			Opening balance as on April 01, 2018	2,950,000	29,500	Changes during the year	-	-	Closing Balance as on March 31, 2019	2,950,000	29,500	Changes during the year	-	-	Closing Balance as on March 31, 2020	2,950,000	29,500
Particulars	No. of shares	Rs. in thousands																							
11% Non-Cumulative Redeemable Preference Shares																									
Opening balance as on April 01, 2018	2,950,000	29,500																							
Changes during the year	-	-																							
Closing Balance as on March 31, 2019	2,950,000	29,500																							
Changes during the year	-	-																							
Closing Balance as on March 31, 2020	2,950,000	29,500																							

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13. OTHER FINANCIAL LIABILITIES (Refer Note 13.01 to 13.05)			
In India			
(a) Unpaid matured deposits and interest accrued thereon	90	196	196
(b) Unpaid matured debentures and interest accrued thereon	5,891	24,085	35,499
(c) Unpaid subordinated liabilities and interest accrued thereon	70,534	144,477	156,843
(d) Accrued employee benefit expense	35	35	35
(e) Other financial liabilities	57,952	40,013	11,634
Total	134,502	208,806	224,207

Note 13.01 The Company stopped accepting/renewing deposits, debentures and subordinated debts with effect from July 01, 2002. Therefore and also considering the fact that the public deposits accepted by the Company are fully matured, the Company has not created a floating charge on the invested statutory liquid assets in favour of the depositors in terms of directives issued by Reserve Bank of India.

During the year ending March 31, 2005 a Scheme of Compromise and Arrangement under Section 391 of the Companies Act 1956 to effect the restructure of Company's debts particularly debentures and subordinated debts of the Company, was framed and presented before the Honorable High Court of Karnataka. Accordingly, a meeting of the shareholders, debenture holders and subordinated debt holders was held on April 20, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from the effective date and payment of interest accrued till June 30, 2002, within 72 months from the effective date. The scheme, as proposed, did not provide for accrual of interest after 30th June 2002. (For the above purpose the effective date means the date on which the order of the High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka)

On July 10, 2009, the Honorable High Court of Karnataka directed the Company to submit the details of payments made to non-convertible debenture holders and subordinated debt holders from April 01, 2005. Accordingly, the details were furnished to the Honorable Court. It was submitted before the Honorable Court that the Company had settled substantial portion of non-convertible debentures and subordinated debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and the quantum of non-convertible debentures and subordinated debts remaining to be settled. Therefore, the Company proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28th October 2009. Accordingly, the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka.

The total of the principal sum and interest due in respect of public deposits/debentures/subordinated debts as on March 31, 2002 (i.e. as on the last date of the financial year immediately preceding the year in which the Company stopped payment of debts) was Rs.10,74,426 thousand. The Company has settled major portion of the aforesaid dues from time to time at discounted rates (which includes settlement of principal at discounted rates and partial/full waiver of interest). Out of the aforesaid amount, a sum of Rs. 76,515 thousand (March 31, 2019- Rs. 1,68,758 thousand; April 01, 2018- Rs. 1,92,538 thousands) remains unpaid as on the date of the Balance Sheet. Therefore, the liability of the Company has reduced considerably over the period of time.

The Company is continuing to put more efforts on realisation of the dues, sale of assets etc. so that its debts can be settled at the earliest possible date. The remaining depositors/debenture holders/debt holders have approached the Company for settlement of their dues and the Company is in the process of the same.

Considering the above facts, the Company has not provided/recognised for interest after June 30, 2002, on deposits/debentures/subordinated debts and interest on advances taken on such instruments. All the aforesaid deposits/debentures/subordinated debts are fully matured for repayment. Any interest paid over and above the provision made till June 30, 2002 is charged to the Statement of Profit and Loss as Finance Cost under Note No. 23.

Considering the fact that (a) the Company has settled the dues of depositors/debenture holders/debt holders at discounted rates as stated above (b) the remaining customers have approached the Company for settlement of their dues (c) the orders issued by the various consumer courts including the appellate authorities/courts wherein the Company has settled the many of such consumer court cases (d) the total debts of the Company has reduced considerably because of settlement as aforesaid and (e) the Company is exploring the possibility of framing the new scheme of arrangement, it is not feasible for the Company to ascertain accurately its liability on any given date.

The Company has, in view of the above and also considering the fact that there are no unclaimed liabilities, considered that the matured debentures, matured deposits, matured subordinated debts and interest payable including unencashed interest cheques on such deposits/debentures/debts are not due to be transferred to Investor Education and Protection Fund.

Note 13.02 Unpaid secured non-convertible debentures are secured by mortgage on Land and Buildings (Free hold and Lease hold) situated at Udipi District of State of Karnataka, State of Goa, Nasik District and Mumbai in State of Maharashtra and floating charge on receivables and book debts. The debentures were redeemable at par. The whole of the debentures are matured for repayment. Further, the Company has not provided any interest on such debentures after July 1, 2002, as detailed in Note No. 13.01 above. Therefore, the question of disclosure as to rate of interest etc. does not arise. In the opinion of the Management, the market value of the security offered to the holders of the aforesaid debentures is sufficient to cover the liability.

Note 13.03 The balances held under 'Unpaid matured deposits and interest accrued thereon', 'Unpaid matured debentures and interest accrued thereon', 'Unpaid subordinated liabilities and interest accrued thereon' and 'Other financial liabilities' are subject to confirmation.

Note 13.04 Other financial liabilities includes advance received of Rs. 45,804 thousand (March 31, 2019- Rs. 18,700 thousand; April 01, 2018- Rs. 11,200 thousand) from Sri. F. Narayan Pat, the Managing Director.

Note 13.05 Other Financial Liabilities also include refundable security deposits taken from lessees to whom premises of the Company have been leased. Therefore, the question of furnishing details about security, outstanding amount and terms of repayment does not arise.

The Ind AS adjustments related to the deposits with respect to adoption of EIR method under Ind AS 109 are detailed under the following heads:

- a) Advance rent (Ind AS adjustment) (Note No. 15)
- b) Rental income (Ind AS adjustment) (Note No. 21)
- c) Interest expense (Ind AS adjustment) (Note No. 25)

14. PROVISIONS (Refer Note 14.01 & 14.02)			
(a) Provision for gratuity		6	16
(b) Provision for compensated absences	88	88	88
Total	88	94	104

Note 14.01 Provision for gratuity represents the excess of present value of obligation as at year end over the fair value of gratuity plan assets as at year end as valued by independent actuarial valuer.

Note 14.02 The liability in respect of leave encashment i.e. the provision for compensated absences has been made on an estimated basis, considering the fact that the amount involved therein is not material.

15. OTHER NON-FINANCIAL LIABILITIES (Refer Note 15.01 & 15.02)			
(a) Statutory dues	18	26	93
(b) Advance rent (Ind AS adjustment)	137	749	713
(b) Advance for sale of property	39,950	39,950	39,950
Total	40,105	40,725	40,756

Note 15.01 The advance rent (Ind AS adjustment) represents amount on account of valuing Rent deposits as disclosed in Note 13 at amortised cost in compliance with requirements of Ind AS 109, "Financial Instruments".

Note 15.02 Advance for sale of property as disclosed above represents amount received in advance in respect of immovable property (free hold) agreed to be sold. The proceeds of the advance amount have been utilised by the Company to reduce its debts. It is also subject to charge as detailed in Note 13.02 above.

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(Rs. in thousands)

Sr No.	PARTICULARS	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
16	SHARE CAPITAL (Refer Note 16.01 to 16.06) AUTHORISED			
	1,00,00,000 Equity Shares of Rs. 10 each (March 31, 2019 and April 01, 2018: 1,00,00,000)	100,000	100,000	100,000
	ISSUED, SUBSCRIBED & PAID UP			
	83,80,961 Equity Shares of Rs. 10 each, fully paid up (March 31, 2019 and April 01, 2018: 83,80,961)	83,810	83,810	83,810
	Total	83,810	83,810	83,810

Note 16.01 Reconciliation of number of shares outstanding:

Particulars	No. of shares	Rs. in thousands
Equity Shares		
Opening balance as on April 01, 2018	8,380,961	83,810
Changes during the year	-	-
Closing Balance as on March 31, 2019	8,380,961	83,810
Changes during the year	-	-
Closing Balance as on March 31, 2020	8,380,961	83,810

Note 16.02 Rights, preferences and restrictions attached to shares:

Equity Shares : The equity shares are having a par value of Rs.10 per share. Each shareholder is eligible for one vote per each share held. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company (after distribution of all preferential amounts) in proportion to their shareholding.

Note 16.03 Details of shareholders holding more than 5% shares:

Equity Shares: M/s TVP Consultants Limited, Chennai - 7,01,073 shares (Shareholding percentage - 8.37%) (March 31, 2019 - 7,01,073 shares; April 01, 2018 - 7,01,073 shares) (Shareholding percentage - March 31, 2019 - 8.37%; April 01, 2018 - 8.37%), Mr Narayan Patil Manipal - 5,56,250 shares (Shareholding percentage - 6.64%) (March 31, 2019 - 5,56,250 shares; April 01, 2018 - 5,56,250 shares (Shareholding percentage - March 31, 2019 - 6.64%; April 01, 2018 - 6.64%)), M/s ICDS Limited, Manipal - 4,49,163 shares (Shareholding percentage - 5.36%) (March 31, 2019 - 4,49,163 shares; April 01, 2018 - 4,49,163 shares (Shareholding percentage - March 31, 2019 - 5.36%; April 01, 2018 - 5.36%))

Note 16.04 There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment

Note 16.05 There are no securities convertible into equity shares, calls unpaid or forfeited shares.

Note 16.06 The Management of the company has put in all the efforts to manage the capital by concentrating on recoveries of dues, sale of assets and settlement of debts. The same has to be read with Note 13 and Subnotes thereon.

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(Rs. in thousands)

Sr No.	PARTICULARS	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
17	OTHER EQUITY			
	(Refer Note 17.01 to 17.03)			
	(a) Capital Reserve 1	1,503	1,503	1,503
	(b) Capital Reserve 2			
	<i>Opening</i>	229,014	223,706	
	<i>Add: Transferred</i>	7,345	5,308	
	<i>Closing</i>	236,359	229,014	223,706
	(c) Securities Premium	28,995	28,995	28,995
	(d) Special Reserve	4,000	4,000	4,000
	(e) General Reserve	1,906	1,906	1,906
	(f) Other Comprehensive Income			
	<i>Opening</i>	10	-	
	<i>Add: Transferred</i>	87	10	
	<i>Closing</i>	97	10	-
	(g) Retained Earnings			
	<i>Opening</i>	(605,615)	(614,043)	
	<i>Add: Transferred</i>	66,760	8,428	
	<i>Closing</i>	(538,855)	(605,615)	(614,043)
	Total	(265,995)	(340,187)	(353,933)

Note 17.01 Nature and Purpose of Reserves

Particulars	Nature and purpose of Reserves
(a) Capital Reserve 1	The Capital Reserve 1 was created in the year ended 30th September, 1998 being the allotment money of unsubscribed portion of equity warrants.
(b) Capital Reserve 2	The Company during the year with a view towards restructuring its liabilities has settled deposits/debentures/subordinated debts at discounted rates. The same has been done with due consent of the parties to deposits, debentures and debts. The interest write back pertaining to deposits/debentures/subordinated debts Rs. 7,462 thousands (P Y Rs. 1,405 thousands) is treated as Exceptional Item in the Statement of Profit and Loss. Principal write back arising out of such settlement Rs. 7,345 Thousands (P Y Rs. 5,308 thousands) is considered as capital receipt and taken directly to Capital Reserve (viz. Capital Reserve 2) as above. This has been done as per the accounting policy followed by the Company, as stated in sub-note (m) of Significant Accounting Policies, Key Accounting Estimates and Judgements. The Company had made similar settlements during the earlier years also, by giving the similar accounting treatment. The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. 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.
(c) Securities Premium	
(d) Special Reserve	Special reserve was created during earlier year/s, pursuant to Reserve Bank of India (Amendment) Act 1997.
(e) 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. 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.
(f) Retained Earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to special reserve, general reserve, dividends distributions paid to shareholders etc.

Note 17.02 Balance of retained earnings as on 1st April, 2018 has been restated after taking into account adjustments required by Ind AS 101, "First - time adoption of Indian Accounting Standards". Refer the statement (c) i.e. " Reconciliation of Other Equity under Ind AS and Previous GAAP" of "First time adoption reconciliations" as given under sub-note (u) of Significant Accounting Policies, Key Accounting Estimates and judgements

Note 17.03 Refer Statement of Changes in Equity for details about other Comprehensive Income.

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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in thousands)

Sr No.	PARTICULARS	2019-20	2018-19
18.	INTEREST INCOME On Financial Assets measured at Amortised Cost		
	Interest income on deposits with banks	67	79
	Total	67	79
19.	DIVIDEND INCOME		
	Dividend on equity instruments	527	237
	Total	527	237
20.	RENTAL INCOME (Refer Note 20.01)		
	Rent received	1,934	1,538
	Total	1,934	1,538
	Note 20.01 Rent received represents amount of income accrued on cancellable operating lease.		
21.	OTHER INCOME (Refer Note 21.01)		
	Other Interest	172	10
	Rental income (Ind AS adjustment)	51	134
	Refund of court fee	-	219
	Liabilities no longer payable	-	159
	Miscellaneous income	37	3
	Total	260	525
	Note 21.01 The rental income (Ind AS adjustment) represents amount on account of valuing Rent deposits as disclosed in Note 13 at amortised cost in compliance with requirements of Ind AS 109, "Financial Instruments".		
22.	FINANCE COSTS On Financial Liabilities measured at Amortised Cost		
	(a) Interest on Debt Securities - Matured Debentures	1,045	287
	(b) Interest on Matured Subordinated liabilities	234	226
	Total	1,279	513
23.	EMPLOYEE BENEFIT EXPENSES (Refer Note 23.01)		
	(a) Salaries, wages and bonus	1,024	884
	(b) Contribution to provident and other fund	73	85
	(c) Staff welfare expenses	117	-
	(d) Expenses related to post-employment defined benefit plans	100	73
	Total	1,314	1,042
	Note 23.01 Disclosure as required under Ind AS 19 'Employee Benefits', given under Note No. 27.07		
24.	DEPRECIATION, AMORTIZATION AND IMPAIRMENT		
	(a) Depreciation on Property, Plant and Equipment - Own assets	95	95
	(b) Depreciation on Property, Plant and Equipment - Leased assets	351	351
	(c) Depreciation on Investment Property	175	204
	Total	621	650

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(Rs. in thousands)

Sr. No.	PARTICULARS	2019-20	2018-19
25	OTHER OPERATING EXPENSES (Refer Note 25.01 & 25.02)		
	(a) Rates and taxes & energy costs	162	36
	(b) Repairs and maintenance - Others	369	106
	(c) Communication costs	21	32.3
	(d) Printing and stationery	57	54
	(e) Advertisement and publicity	39	14
	(f) Director's fees, allowances, and expenses	12	12
	(g) Auditor's fees and expenses	118	59
	(h) Legal and Professional charges	786	524
	(i) Brokerage expenses	313	2
	(j) Bank charges	18	15
	(k) Travelling and conveyance expenses	213	169
	(l) Office expenses	241	36
	(m) Registration and filing fees	460	348
	(n) Web designing charges	-	25
	(o) Office maintenance	84	
	(p) Office Rent	7	8
	(q) Interest expense (Ind AS adjustment)	79	107
	(r) Miscellaneous expenses	72	65
	Total	3,051	1,877
	Note 25.01 Auditor's fees and expenses:		
	PARTICULARS	2019-20	2018-19
	Statutory audit	80	40
	Certification and tax audit	20	10
	Goods and Service Tax	18	9
	Total	118	59
	Note 25.02 Refer Note 27.06 for disclosure on Office Rent.		
26	EXCEPTIONAL ITEMS (Refer Note 26.01)		
	Bad debts written off	(67,077)	(7,422)
	Bad debts recovered	295	2,671
	Provision for NPA written back	70,445	13,477
	Settlement credit (Interest portion)	7,462	1,495
	Profit on sale of Investment Property	59,112	-
	Total Income (Net)	70,237	10,131
	Note 26.01 The present activity of the Company is restricted to recovery of dues and repayment of debts. Accordingly, the income of the Company depends upon the recoveries made during the period which vary substantially on year to year basis. Therefore, the Company has disclosed the amount of bad debts recovered, reversal of provisions for NPA, settlement credit, bad debts written off and profit on sale of investment property under this head.		
26A	OTHER COMPREHENSIVE INCOME (Refer Note 26A.01)		
	(A) Items that will not be reclassified to profit or loss		
	(i) Remeasurement of Defined Employee Benefit Plans	87	10
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss	-	-
	Total	87	10
	(B) Items that will be reclassified to profit or loss;		
	(i) Fair Value Gain on Financial Assets carried at FVTOCI	-	-
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss	-	-
	Total	-	-
	Note 26A.01 Refer Para II (i) of Significant Accounting Policies, Key Accounting estimates and Judgements		
26B	PARTICULARS	2019-20	2018-19
	EARNINGS PER SHARE		
	Net profit after tax as per Statement of Profit and Loss (Rs. in thousands)	66,760	8,428
	Weighted average number of equity shares for calculating basic EPS (in thousands)	8,381	8,381
	Basic EPS per equity share (in Rs.) (Face value of Rs. 10 per share fully paid)	7.97	1.01
	Weighted average number of equity shares for calculating diluted EPS (in thousands)	8,381	8,381
	Diluted EPS per equity share (in Rs.) (Face value of Rs. 10 per share fully paid)	7.97	1.01

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ANNEXURE TO FINANCIAL STATEMENTS FOR THE YEAR 2019-20

SIGNIFICANT ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

I. Corporate Information:

The Registered Office of the Company is at Manipal (State: Karnataka). The Company had commenced its business as a Non-Banking Financial Company registered with Reserve Bank of India as 'Hire Purchase and Leasing Company'. However, the Reserve Bank of India has since cancelled the registration of the Company and the Company has stopped activities of accepting deposits from public/debentures/subordinated debts, extending loans, hire purchase and leasing activities since July 01, 2002. The present activity of the Company is mainly restricted to recovery of dues and repayment of the debts. The other necessary details are being given under Note no. 13.01.

II. Significant Accounting Policies:

a. Basis of Preparation and Presentation of Financial Statements - Statement of Compliance

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Indian Accounting Standards are prescribed under Section 133 of the Act read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Up to the year ended March 31, 2019, the Company had prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles (GAAP) in India, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 as amended and the same has been considered as 'Previous GAAP'. The figures for the year ended March 31, 2019 have been restated as per Indian Accounting Standards (Ind AS) to provide comparability. With respect to the transition date i.e. April 01, 2018, only the Balance Sheet figures have been made Ind AS compliant.

These financial statements are the Company's first Ind AS financial statements. The adoption was carried out in accordance with Ind AS 101 'First-Time Adoption of Indian Accounting Standards'. Reconciliations and effect of transition have been summarised in Sub note (u) below. The Company's financial statements are presented in Indian Rupees, which is also its functional currency. All the values are rounded off to the nearest thousand.

These financial statements have been prepared on accrual basis under the historical cost convention except for (a) certain Financial Assets and Liabilities and (b) Defined Employee Benefit Plan Assets, which have been measured at their fair values. Further, the carrying value of all the items of Property, Plant and Equipment and Investment Property as on the date of transition has been considered at deemed cost as provided under Ind AS 101 'First-Time Adoption of Indian Accounting Standards'.

These financial statements have been approved for issue by the Board of Directors at their meeting held on July 24, 2020 at Manipal, Karnataka.

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss have been prepared and presented in the format prescribed in Division III of Schedule III to Companies Act, 2013. The Statement of Cash Flows has been prepared as per the requirements of Ind AS 7 'Statement of Cash Flows'. The disclosures as prescribed in Division III of Schedule III to the Companies Act, 2013 have been presented by way of notes forming part of the financial statements along with other disclosures required under Ind AS. Disclosures as per Ind AS and Division III of Schedule III to the Companies Act, 2013 have been made in this Financial Statement to the extent applicable.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

Critical Accounting Estimates

Depreciation and Useful Lives of Property, Plant and Equipment and Investment Property and Decommissioning Liability

Property, Plant and Equipment and Investment Property are depreciated over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on Company's historical experience with similar assets and after taking into account the anticipated technological changes. In case of significant changes in the estimates in future, the depreciation shall be revised accordingly. The Company has not made any policy with regard to decommissioning liability for the reasons specified in clause (d) below.

Allowance for Doubtful Debts on Trade Receivables/Loans

When determining the lifetime expected credit losses for trade receivables, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. Judgements are required in assessing the recoverability of other advances including other receivables and determining whether a provision against those Loans/receivables is required. Factors considered include relations with the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances and these judgements are subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take into account changing facts and circumstances.

Employee Benefit Obligations

Employee benefit obligations 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, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Deferred Tax Assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if estimates of projected future taxable income or tax regulations undergo a change.

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 recognised 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.

Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

c. Fair Value Measurement

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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- iii. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

d. Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of 'Property, Plant and Equipment' are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties and levies. Such cost includes the cost of replacing parts of the 'Property, Plant and Equipment' and the borrowing cost if any, till the date of installation of qualifying asset and any attributable cost of bringing the asset to its working condition for its intended use. Expenses incurred on start-up, commissioning of the project including expenditure incurred on test runs and experimental production in respect of new unit if any, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

An item of 'Property, Plant and Equipment' and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 included in the Statement of Profit and Loss when the asset is derecognized. Further, when each major inspection is performed, its cost is recognized in the carrying amount of the item of 'Property, Plant and Equipment' as a replacement if the recognition criteria are satisfied. Machinery spare if any which are specific to a particular item of 'Property, Plant and Equipment' and whose use is expected to be irregular are capitalized as 'Property, Plant and Equipment'.

Spare parts if any are capitalized when they meet the definition of 'Property, Plant and Equipment' i.e. when the Company intends to use these for more than a period of 12 months. The management is of the opinion that, the Property, Plant and Equipment held by the Company does not involve decommissioning cost and the cost of removal of such assets is not material considering the size of the Company. Considering this aspect, the Company has not made any policies for capitalizing the decommissioning cost.

Depreciation on 'Property, Plant and Equipment' generally is provided on the Straight Line Method over the useful lives of the assets and residual value in terms of Schedule II to the Companies Act, 2013. Depreciation for the assets purchased/sold during the period is proportionately charged. Building constructed on the lease hold land is depreciated over the period of lease or the useful life in terms of Schedule II of the Companies Act 2013, whichever expires earlier. Leasehold land if any, is amortized over the period of the lease. Improvements to buildings are amortized over the period of remaining useful life of the building. No further depreciation is charged on assets, where the assets have completed their useful life. 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 and under such circumstances the appropriate disclosure is being made in the notes to accounts.

For transition to Ind AS, the Company has elected to continue with carrying value of its Property, Plant and Equipment recognized as on April 01, 2018 (transition date) measured as per the previous GAAP as the deemed cost of the Property, Plant and Equipment on the date of transition to Ind AS.

e. 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. It consists of Freehold Buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company. 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. Investment Properties are carried at cost less accumulated depreciation. Depreciation is provided in the manner as stated in clause (d) above.

For transition to Ind AS, the Company has elected to continue with carrying value of its Investment Property recognized as on April 01, 2018 (transition date) measured as per the previous GAAP as the deemed cost of the Investment Property on the date of transition to Ind AS.

f. Financial Instruments

1. Initial Recognition and Measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at Fair Value on initial recognition, except for trade receivable which is initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date, i.e. the date that the Company commits to purchase or sell the asset.

2. Subsequent Measurement - Non Derivative Financial Instruments

Financial Assets carried at Amortized Cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset other than equity investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. Where the Company makes an irrevocable election based on its business model, for its investments which are classified as equity investments, the subsequent changes in the fair value will be recognized in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss. 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 Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

3. Derecognition of Financial Instruments

The Company derecognizes a financial asset when the contractual rights to cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

4. Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never be actually realized.

For financial assets and liabilities maturing within one year from the reporting date and which are not carried at fair value, the carrying amounts approximate fair value due to short maturity of these instruments.

g. Taxes on Income

Income tax expense for the period comprises of current and deferred income tax if any. Income tax expense if any, is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case tax is also recognized in other comprehensive income or in equity, as appropriate. Current income tax for current and prior periods is recognized in the Statement of Profit and Loss at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit. The Company recognizes a deferred tax asset arising from unused tax losses or tax credit only to the extent that it is probable that sufficient future taxable profits will be available against which unused tax losses or tax credits can be utilised by the entity. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period. Deferred tax assets and liabilities are presented in the Balance Sheet after setting off the same against each other.

Deferred tax assets are assessed in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Income tax paid (including tax deducted at source, tax paid on self-assessment or otherwise) and provision for current income tax if any is presented in the Balance Sheet after setting off the same against each other.

h. Revenue Recognition

Revenue from Operations

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection in accordance with the provisions of Ind AS 115.

The Company has followed the Prudential Norms for Income Recognition as prescribed by Reserve Bank of India for Non-Banking Financial Companies. The principal write back pertaining to deposits & debentures (as stated in note 17) has been directly taken to the credit of Capital Reserve in the Balance Sheet, since the same is in the nature of capital receipt for the reasons as stated in sub-clause (m) below.

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. Interest income on credit impaired assets if any, is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

Dividend Income

Dividend income is recognized when the Company's right to receive the payment has been established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Rental Income

Rental income from operating leases is recognized in the Statement of Profit and Loss on straight line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rental is disclosed net of indirect taxes, if any.

Rendering of Services

Revenue from rendering services if any is disclosed net of GST and recognized when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- i) The amount of revenue can be reliably measured,
- ii) It is probable that the economic benefits associated with the transaction will flow to the Company,
- iii) The stage of completion of the transaction at the end of the reporting period can be reliably measured, and
- iv) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other Income:

Interest on refund of Income Tax is accounted in the year of receipt and Miscellaneous income is accounted as and when received.

i. Employee Benefits

Short-term Employee Benefits

Employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, ex-gratia and performance linked rewards such as annual variable pay falling due wholly within twelve months of rendering the service are classified as short-term benefits and are expensed in the period in which the employee renders the related service.

Post Employment Benefits

Defined Contribution Plans

Provident fund scheme and employee state insurance scheme are the Company's defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The contribution paid or payable under the scheme is recognized during the period in which the employee renders the related service. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service.

Defined Benefit Plans

The Company provides for gratuity, a defined benefit plan covering eligible employees. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment with the Company.

The Company's contribution towards gratuity is invested in a Group Gratuity Policy with the Life Insurance Corporation of India. Deficit/surplus of present value of obligations (under gratuity policy) over the fair value of gratuity plan assets is recognized in the Balance Sheet as an asset or liability. The same is determined based on an independent actuarial valuation using the Projected Unit Credit Method. Gains and losses through remeasurement of the net gratuity liability/asset are recognized in other comprehensive income and is reflected in other equity and the same is not eligible to be reclassified subsequently to profit or loss. Premium expense incurred to keep in effect such a group gratuity policy is recognized in the Statement of Profit and Loss as employee benefit expense in the year such premium falls due.

Other Long Term Employment Benefits

The company has recognised liability in respect of leave encashment i.e. the provision for compensated absences as a long term employee benefit. The same has been made on an estimated basis, considering the fact that the amount involved therein is not material.

j. Share Capital, Share Premium and Dividend Distribution

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares if any, are shown in equity as a deduction (net of tax) from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

Preference shares are classified as shares entitled for preferential right over dividend (before the equity shareholders). A preference share that provides for redemption a specific date or at the option of holder contains a financial liability. Accordingly the same will be recognised as financial liabilities and any payment of dividend in relation to these shares shall be considered as Finance cost in accordance with provisions of Ind AS 109.

k. Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

l. Lease Transactions

As a Lessee:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method, without giving effect to opening balance of retained earnings. Accordingly, previous period information has not been restated.

The Company's lease asset (taken on short term) classes wholly consist of operating leases for Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets if any. For these short-term and leases of low value assets if any, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets

Right of Use asset (ROU Asset) have been separately presented in the Balance Sheet as a part of Property, Plant and Equipment. Corresponding lease liabilities are being disclosed as other financial liabilities either as current or non current depending on the period of reversal, and lease payments have been classified as financing cash flows.

As Lessor:

Leases are classified as Finance Lease or Operating Lease, in the manner stated above.

Lease income is recognised in the Statement of Profit and Loss on straight-line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rental is disclosed net of indirect taxes, if any.

m. Capital Reserve

The principal write back pertaining to deposits, debentures and Subordinated debts as stated in Note no. 17.01, is in the nature of capital receipt. The stand taken by the Company is also duly supported by the decision of Jurisdictional High Court i.e. Honorable High Court of Karnataka, as reported in 285 ITR 310 (2006) (CIT Vs ICDS Limited) wherein it is held that surplus on purchase of own debentures is a Capital Receipt, not subject to tax and 249 CTR 214 (2011) (CIT Vs Compaq Electric Limited) wherein it was held that the waiver of the loan is a Capital receipt. In the case of the Company viz. CIT Vs Manipal Finance Corporation Limited (ITA No. 795 & 794/2008) the Hon. High Court of Karnataka has dismissed the appeal filed by the department on the similar grounds. Considering the above, the same has been directly taken to the credit of Capital Reserve in the Balance Sheet

n. Borrowing Cost

Borrowing cost if any, includes interest expense calculated using the effective interest method and finance expenses in respect of assets acquired on finance lease if any.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset, are capitalized/inventoried as a part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

o. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. When the unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received under such contract (onerous contract), the present obligation under the contract is recognized and measured as a provision.

Contingent liability is disclosed in the notes to accounts when in case of a present obligation arising from past events, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the same is not possible.

Contingent assets are disclosed in the notes to accounts when an inflow of economic benefits is probable.

p. Impairment of Assets

Financial Assets

In accordance with Ind AS 109, the Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL impairment loss allowance (or reversal) during the period if any, is recognized as expense/income in the Statement of Profit and Loss.

Non-Financial Assets Property, Plant and Equipment and Investment Property

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired based on external and internal factors and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined, at the higher of the assets' fair value less cost to sell and value in use; and

- In case of cash generating unit if any, (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI if any. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through the Statement of Profit and Loss.

q. Earnings per Share

Basic earnings per equity share is calculated by dividing the net profit or loss after tax (before considering other comprehensive income) for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share, if any, is computed by dividing the net profit or loss for the year as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

r. Statement of Cash Flows

Cash flows are reported using the indirect method in accordance with Ind AS 7 'Statement of Cash Flows', whereby profit after tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

s. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank and term deposits maturing within 3 months from the date of deposit. Term deposits maturing beyond 3 months, earmarked balances with banks and deposits held as margin money or security against borrowings etc. have not been considered as Cash and cash equivalents.

t. Other Matters

Recent Accounting Pronouncements - Application of new and revised Ind ASs

All the Indian Accounting Standards ("Ind AS") issued and notified by the Ministry of Corporate Affairs are effective and considered for the significant accounting policies to the extent relevant and applicable for the Company. Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

Reclassification/Regrouping/Reworking of Previous Year's Figures

Under Ind AS the Company is required to prepare the financial statements as per Division III of Schedule III to Companies Act 2013. The Company had prepared the financial statements for the earlier year/s as per Division I of Schedule III to Companies Act, 2013. Further, the Indian Accounting Standards require many adjustments (as Ind AS varies significantly from earlier GAAP). Accordingly, previous year's figures have been reworked, regrouped and reclassified wherever necessary.

u. First-Time Adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2019, with a transition date of April 01, 2018. These financial statements for the year ended March 31, 2020 are the first financial statements the Company has prepared under Ind AS. For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with the accounting standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). The Company has prepared opening Balance Sheet as per Ind AS of April 01, 2018 (transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, derecognizing items of assets or liabilities which are not permitted to be recognized by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognized assets and liabilities. The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS. The optional exemption and mandatory exceptions availed by the Company under Ind AS 101 are as follows:

Optional Exemptions

Deemed cost for Property, Plant and Equipment and Investment Property

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognized as of April 01, 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Mandatory Exceptions

Use of Estimate

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS as there is no objective evidence of an error in those estimates. However, estimates that are required under Ind AS but were not required under Previous GAAP have been made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

First time adoption reconciliations of financial statements are given as below (a to d read with Note i to v thereon):

FIRST TIME IND AS ADOPTION RECONCILIATIONS

a. Reconciliation of Balance Sheet as reported under Previous GAAP to Ind AS

(Rs. in thousands)

Particulars	Note (as given below)	As at March 31, 2019			As at April 01, 2018		
		Previous GAAP*	Effect of Transition to Ind AS (including reclassification)	Ind AS	Previous GAAP*	Effect of Transition to Ind AS (including reclassification)	Ind AS
ASSETS							
(1) Financial Assets							
(a) Cash and Cash Equivalents		1,933	-	1,933	2,049	-	2,049
(b) Bank Balances other than (a) above		1,124	-	1,124	1,067	-	1,067
(c) Derivative Financial Instruments		-	-	-	-	-	-
(d) Receivables							
(i) Trade Receivables		-	-	-	-	-	-
(ii) Other Receivables		-	-	-	-	-	-
(e) Loans		-	-	-	-	-	-
(f) Investments	Note i	6,868	1	6,869	6,868	1	6,869
(g) Other Financial Assets		762	-	762	1,668	-	1,668
Total Financial Assets		10,687	1	10,688	11,652	1	11,653
(2) Non-Financial Assets							
(a) Inventories	Note i	1	(1)	-	1	(1)	-
(b) Current Tax Assets (Net)		322	-	322	340	-	340
(c) Deferred Tax Assets (Net)		-	-	-	-	-	-
(d) Investment Property		2,501	-	2,501	2,705	-	2,705
(e) Biological Assets other than Bearer Plants		-	-	-	-	-	-
(f) Property, Plant and Equipment		8,988	-	8,988	9,434	-	9,434
(g) Capital Work-in-Progress		-	-	-	-	-	-
(h) Intangible Assets under Development		-	-	-	-	-	-
(i) Goodwill		-	-	-	-	-	-
(j) Other Intangible Assets		-	-	-	-	-	-
(k) Other Non-Financial Assets		590	-	590	582	-	582
Total Non-Financial Assets		12,402	(1)	12,401	13,062	(1)	13,061
Total Assets		23,089	-	23,089	24,714	-	24,714
LIABILITIES AND EQUITY							
LIABILITIES							
(1) Financial Liabilities							
(a) Derivative Financial Instruments		-	-	-	-	-	-
(b) Payables							
(i) Trade Payables							
- Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		341	-	341	270	-	270
(ii) Other Payables							
- Total outstanding dues of micro Enterprises and small enterprises		-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-	-	-	-
(c) Debt Securities		-	-	-	-	-	-
(d) Borrowings (Other than Debt Securities)		-	-	-	-	-	-
(e) Deposits		-	-	-	-	-	-
(f) Subordinated Liabilities	Note i	-	29,500	29,500	-	29,500	29,500
(g) Other Financial Liabilities	Note i & Note v	209,590	(784)	208,806	224,928	(721)	224,207
Total Financial Liabilities		209,931	28,716	238,647	225,198	28,779	253,977
(2) Non-Financial Liabilities							
(a) Current Tax Liabilities (Net)		-	-	-	-	-	-
(b) Provisions		94	-	94	104	-	104
(c) Deferred Tax Liabilities (Net)		-	-	-	-	-	-
(d) Other Non-Financial Liabilities	Note i	39,976	749	40,725	40,043	713	40,756
Total Non-Financial Liabilities		40,070	749	40,819	40,147	713	40,860
EQUITY							
(a) Equity Share Capital	Note i	113,310	(29,500)	83,810	113,310	(29,500)	83,810
(b) Other Equity	Note i	(340,222)	35	(340,187)	(353,941)	8	(353,933)
Total Equity		(226,912)	(29,465)	(256,377)	(240,631)	(29,492)	(270,123)
Total Liabilities and Equity		23,089	-	23,089	24,714	-	24,714

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

b. Reconciliation of net profit as reported under previous GAAP to Ind AS for the year ending March 31, 2019

(Rs. in thousands)

Particulars	Note (*as given below)	Previous GAAP*	Effect of Transition to Ind AS (including reclassification adjustments)	As per Ind AS
I Revenue from Operations:				
(i) Interest Income	Note iv	-	79	79
(ii) Dividend Income	Note iv	-	237	237
(iii) Rental Income	Note iv	-	1,538	1,538
(iv) Fees and Commission Income		-	-	-
(v) Net Gain on Fair Value Changes		-	-	-
(vi) Net Gain on Derecognition of Financial Instruments under Amortised Cost Category		-	-	-
(vii) Sale of Products (including Excise Duty)		-	-	-
(viii) Sale of Services		-	-	-
(ix) Others		-	-	-
Total Revenue from Operations (I)		-	1,854	1,854
II Other Income	Note i, Note ii, Note iv	2,255	(1,730)	525
III Total Income (I+II)		2,255	124	2,379
IV Expenses:				
(i) Finance Costs	Note v	528	(15)	513
(ii) Fees and Commission Expense		-	-	-
(iii) Net Loss on Fair Value Changes		-	-	-
(iv) Net Loss on Derecognition of Financial Instruments under Amortised Cost Category		-	-	-
(v) Impairment of Financial Instruments		-	-	-
(vi) Cost of Materials Consumed		-	-	-
(vii) Purchases of Stock-in-Trade		-	-	-
(viii) Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		-	-	-
(ix) Employee Benefits Expenses		1,042	-	1,042
(x) Depreciation, Amortisation and Impairment		650	-	650
(xi) Other Expenses	Note i and Note v	1,755	122	1,877
Total Expenses (IV)		3,975	107	4,082
V Profit before Exceptional Items and Tax (III-IV)		(1,720)	17	(1,703)
VI Exceptional Items		(10,131)	-	(10,131)
VII Profit before Tax (V-VI)		8,411	17	8,428
VIII Tax Expense:				
(1) Current Tax		-	-	-
(2) Deferred Tax		-	-	-
Net Tax Expense		-	-	-
IX Profit for the year from continuing operations (VII-VIII)		8,411	17	8,428
X Profit from discontinued operations before tax		-	-	-
XI Tax Expense of discontinued operations		-	-	-
XII Profit from discontinued operations (after tax) (X-XI)		-	-	-
XIII Profit for the year (IX+XII)		8,411	17	8,428
XIV Other Comprehensive Income:				
A (i) Items that will not be reclassified subsequently to Statement of Profit and Loss				
- Remeasurement of Defined Employee Benefit Plans		-	10	10
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-	-
Subtotal (A)	Note iii	-	10	10
B (i) Items that will be reclassified subsequently to Statement of Profit and Loss				
- Fair Value Gain on Financial Assets carried at FVTOCI		-	-	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-	-
Subtotal (B)		-	-	-
Total Other Comprehensive Income/(Losses) (A+B) (XIV)		-	10	10
XV Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit and Other Comprehensive Income for the year)		8,411	27	8,438
XVI Earnings per equity share (for continuing operations):				
(1) Basic		1.00	-	1.01
(2) Diluted		1.00	-	1.01
XVII Earnings per equity share (for discontinuing operations):				
(1) Basic		1.00	-	1.01
(2) Diluted		1.00	-	1.01
XVIII Earnings per equity share (for continuing & discontinued operations):				
(1) Basic		1.00	-	1.01
(2) Diluted		1.00	-	1.01

*Equity shares are of Rs 10/- each fully paid

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

c. Reconciliation of Other Equity under Ind AS and Previous GAAP

(Rs. in thousands)

Particulars	Notes	Other Equity	
		As at March 31, 2019	As at April 01, 2018
Other Equity as per Previous Indian GAAP		(340,222)	(353,941)
Add/(Less) : Adjustments			
Changes in Fair Value of Financial Assets and Liabilities measured as per Ind AS 109	Note i	35	8
Other Equity as per Ind AS		(340,187)	(353,933)

d. Reconciliation of Statement of Cash Flows under Ind AS and Previous GAAP

There are no material changes in the Statement of Cash Flows for the year ending March 31, 2019 prepared under Ind AS vis-à-vis the Statement of Cash Flows for the same year prepared under previous GAAP, as the Ind AS Adjustments are non-cash in nature and same have been eliminated from profit before tax in the cash flow statement.

Notes to First Time Adoption Reconciliations

Note i	Financial Assets and Liabilities, with corresponding effect on other Assets/Liabilities: Rent deposits received are recognised at fair value on initial recognition. Fair value of the deposits is arrived at by discounting the future cash flows at incremental Effective Interest rate on the date of deposits. The corresponding effect has been given to "Advance Rent" under the head other Non Financial Liabilities. Subsequently these deposits are measured at amortised costs. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss . Investment held for trading was previously considered as stock in trade under Indian GAAP and the same has been recognised as an investment at fair value through Profit or loss. Preference shares were considered of share capital under previous GAAP and have been recognised in financial liabilities, since they meet the definition of financial liabilities in accordance with Ind AS 109.
Note ii	Actuarial gains/ losses on defined benefit plans Under Ind AS, actuarial gains and losses are recognised in the other comprehensive income ("OCI") as compared to being recognised in the Statement of Profit and Loss under the previous GAAP.
Note iii	Other comprehensive income Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in Other Comprehensive Income in accordance with Ind AS 19 and are not reclassified to profit or loss.
Note iv	Revenue from operations Rental income, Interest income and dividend income were considered as other income under previous GAAP and the same has been regrouped/reclassified as Revenue from operations .
Note v	Reclassification and Regroupings The amounts as arrived at under Ind AS have been reclassified and regrouped, so as to give effect to the adjustments as stated in note i to iv above, to the extent applicable. Further certain Financial Assets and Liabilities have been regrouped under Ind AS, which was earlier clubbed under Other Current or Non Current Assets/Liabilities. Outstanding expenses are included under trade payables under Ind AS. Bank charges are regrouped to Other expenses from Finance costs.

MANIPAL FINANCE CORPORATION LIMITED
MANIPAL HOUSE, MANIPAL - 576 104
CIN: L65910KA1984PLC005988

Other Disclosures and Notes forming part of Financial Statements for the year 2019-20

27.01 The Company has been incurring substantial losses over the last few years and major portion of its funds are blocked in non-performing assets. In view of the same there is considerable uncertainty that the Company will continue as a going concern and meet its commitments to its creditors. The accounts however have been prepared on the going concern basis in view of management's efforts to settle the liabilities with the debenture holders and subordinated debt holders by exploring the possibility of submitting a new scheme and or settlement at discounted rates etc as detailed in Note No. 13 and the management is being hopeful of recovery of dues from borrowers so that dues of creditors can be settled. Accordingly the management is of the opinion that the losses as aforesaid and also the circumstances as stated in note 13 of the financials statement will not have adverse effect on the functioning of the Company

27.02 The Company has not recognised the net deferred tax asset which constitutes mainly of carry forward losses, excess depreciation claimed in Income Tax and Provisions for doubtful debts, as a matter of prudence. Details of which are given below:

Disclosures pursuant to Ind AS 12 "Income Taxes" (Rs. In Thousands)

(A) Major components of tax expense/(income):

Company does not have any current tax liability and company has not recognised deferred tax asset (net) as a matter of prudence. Accordingly the question of disclosure of components of tax expense/(income) does not arise.

(B) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:

Sr no.	Particulars	2019-20	2018-19
(a)	Profit before Tax	66,761	8,428
(b)	Corporate tax rate as per Income Tax Act 1961	25.168%	25.168%
(c)	Tax on Accounting Profit (a*b)	16,802	2,121
(d)	(i) Tax on items not tax deductible:	2,187	1,222
	(ii) Tax on items which are tax deductible and allowances	(35,145)	(4,871)
	(iii) Difference on account of Ind AS Adjustments	7	(7)
	(iv) Tax on income Exempt from tax	(133)	(60)
	(v) Tax difference on income taxed at specialised tax rates	7,725	-
	(vi) Tax on other heads of income	356	258
	(vii) Tax savings on set off of Current year losses	(8,081)	(258)
	(viii) Tax difference on account of Losses for the year	16,282	1,595
	Total effect of tax adjustments [(i) to (viii)]	(16,802)	(2,121)
(e)	Current Tax expense recognised during the year (c as adjusted by d)	-	-
	Prior Period Adjustments	-	-
	Deferred Tax expense Charged (recognised) during the year	-	-
	Total tax expense recognised during the year	-	-
(f)	Effective tax rate (e/a)	NA	NA

Note : Company has no tax payable during the year as well as previous year. Hence effective tax rate is nil.

(C) Components of deferred tax assets (net) not recognised in Balance Sheet and Statement of Profit or Loss:

Sr no.	Particulars	Deferred Tax as at			Adjustment for the year	
		31-03-2020	31-03-2019	01-04-2018	2019-20	2018-19
(a)	Brought forward Business Losses	16,828	14,899	17,086	1,929	(2,187)
(b)	Unabsorbed depreciation	13,880	13,828	13,768	52	(60)
(c)	Financial assets	58,693	76,422	79,819	(17,730)	(3,397)
(d)	Employees' Defined Benefit Plan	20	(2)	(4)	22	2
(e)	Depreciation on Investment Property	412	728	677	(316)	51
	Deferred tax (expenses)/income (not recognised)				(16,043)	(5,471)
	Net deferred tax assets (not recognised)	89,833	105,875	111,346		

The Deferred Tax asset as disclosed above, not recognised in the Financial Statement, as a matter of prudence. Accordingly no amounts charged or recognised in the statement of profit and loss. There are no deferred tax liabilities. Also the deferred tax asset computation as above for the comparative period and transitional date has been made arrived at considering the tax rate as 25.168%.

(D) Reconciliation of deferred tax (assets)/liabilities:

The question of reconciliation of deferred tax assets & liability does not arise, since the same are not recognised in the financial statement.

(E) Tax adjustments made directly to Equity

There are no adjustments pertaining to current and deferred tax adjustment directly charged or credited directly to Equity for the year and also for the comparative periods.

(F) Reconciliation of Income Tax Paid

Sr.no.	Particulars	As at 31st March 2020	As at 31st March 2019
(a)	At the beginning of the year (Paid - Advance IT/TDS)	322	340
(b)	Charge for the year	-	-
(c)	Charge for the previous year adjusted	-	-
(d)	Tax Paid (net of refund received/Adjustment) during the year	479	(18)
(e)	At the end of the year (Paid or provision)	801	322

(G) Disclosure of Temporary Difference, unused tax credits and unused tax losses for which no deferred tax asset is recognised in the Balance Sheet

Sr.no.	Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
(a)	Temporary Difference on account of Unabsorbed Depreciation (No expiry dates)	55,150	54,942	54,704
(b)	Temporary Difference on account of Unused Tax Losses . (Refer table below for expiry dates of unused tax losses)	66,863	59,197	67,888
(c)	Temporary Difference on account of Depreciation on Investment Property	1,636	2,892	2,688
(d)	Temporary Difference on account of Provisions on Financial Assets	233,202	303,648	317,148
(e)	Temporary Difference on account of Provisions on Employees Defined Benefit Plan	81	-	-

Loss relating to AY	Expiry years	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
2011-12	AY 19-20	-	-	13,762
2012-13	AY 20-21	-	16,779	16,779
2013-14	AY 21-22	6,495	6,495	6,495
2014-15	AY 22-23	1,490	1,490	1,490
2015-16	AY 23-24	1,904	1,904	1,904
2016-17	AY 24-25	7,064	7,064	7,064
2017-18	AY 25-26	8,054	8,054	8,054
2018-19	AY 26-27	12,340	12,341	12,340
2019-20	AY 27-28	5,070	5,070	-
2020-21	AY 28-29	24,446	-	-
Total		66,863	59,197	67,888

(H) Applying the tax rate to arrive at the Tax Liability:

The Company has decided to avail the option of computation of tax as provided under section 115BAA of Income Tax Act 1961. Accordingly, the tax expenses are arrived at 25.168% (Tax at 22%, surcharge -10% and Cess - 4%)

27.03 Disclosures pursuant to Ind AS 107 "Financial Instruments : Disclosures"**Financial Risk Management**

In the course of its business, the Company is exposed primarily to liquidity risk and credit risk which may impact the fair value of its financial instruments. The company adheres to a robust Financial management framework to address these risks.

Credit Risk

Credit risk is the risk that counterparty will not be able to meet its obligations under a financial instrument leading to a financial loss. As detailed in Note 13.01 the company has not been performing operations since 2001 and the recovery of dues is under process. Management of the company has duly provided for impairment losses where it is of the opinion of that the parties will not be able to discharge their liabilities. The maximum exposure to credit risk in respect of the financial assets at the reporting date is the carrying value of such assets recorded in the financial statements net of any allowance for losses.

Financial Assets for which loss allowance is measured using 12 month Expected Credit loss

Particulars	31st March 2020	31st March 2019	(Rs. in thousands)
			1st April 2018
Cash and Cash Equivalents	3,355	1,933	2,049
Other Balances with Banks	1,191	1,124	1,067
Investments	6,869	6,869	6,869
Other Financial Assets	506	762	1,668
TOTAL	11,921	10,688	11,653

Financial Assets for which loss allowance is measured using Lifetime Expected Credit loss**(a) Trade Receivables**

The Company's trade receivables include the due portion of lease and hire purchase along with interest accrued thereon.

The ageing analysis of trade receivables (before impairment) as of the reporting date (considered from the date they are due for payment) is as follows

Due for	As on 31st March 2020	As on 31st March 2019	(Rs. in thousands)
			As on 1st April 2018
0-5 past due date	-	-	-
More than 5 Years past due date	20,134	62,534	76,034
Total Trade Receivable	20,134	62,534	76,034

The company has already provided for impairment in full towards these financial assets after assessing the extent of recoveries.

The following table summarizes the impairment loss model

Particulars	(Rs. In thousands)		
	31st March 2020	31st March 2019	1st April 2018
(i) Balance as at beginning of the year	62,534	76,034	
(ii) Impairment Allowance	-	-	
(iii) Provisions Written back	42,400	13,500	
(iv) Balance at end of the year	20,134	62,534	76,034

In addition to above a sum of Rs. 39,031 thousands (P Y Rs. 7,422 thousands) written off as Bad Debt

(b) Loans

As detailed in Note 4.01 of Financial statements, the Company had assigned under an assignment deed certain debts and recoverables consisting inter alia stock on hire along with equal liabilities of the Company to Vedachala Electronics & Financial Services Private Limited. The Company had discharged the assigned liabilities of VEFSPL on its failure to service the same. The Company based on the estimated recovery has made full impairment provision against the receivables of VEFSPL and from other parties

Due for	(Rs. in thousands)		
	As on 31st March 2020	As on 31st March 2019	As on 1st April 2018
0-5 past due date	-	-	-
More than 5 Years past due date	213,068	241,114	241,114
Total Loans	213,068	241,114	241,114

The company has already provided for impairment in full towards these financial assets after assessing the extent of recoveries

The following table summarizes the impairment loss model

Particulars	(Rs. In thousands)		
	31st March 2020	31st March 2019	1st April 2018
(i) Balance as at beginning of the year	241,114	241,114	-
(ii) Impairment Allowance	-	-	-
(iii) Provisions Written back	28,046	-	-
(iv) Balance at end of the year	213,068	241,114	241,114

In addition to above a sum of Rs. 28,046 thousands (P Y Rs. Nil) written off as Bad Debt

Liquidity Risk

Liquidity Risk refers to the risk that the Company cannot meet its financial obligations on time. The objective of the liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for timely settlement of the obligations

The Company's treasury department monitors the liquidity, funding as well as settlements of these obligations, in addition to settlement of all other external liabilities. The treasury department monitors its risk of shortage of funds on a regular basis to ensure continuity of funding. In addition, the management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company stopped accepting/renewing deposits, debentures and subordinated debts with effect from July 01, 2002. Public deposits accepted by the Company are fully matured. As detailed in Note 13.01, the Company is continuing to put more efforts on realisation of the dues, sale of assets etc. so that its debts can be settled at the earliest possible date. The remaining depositors/debenture holders/debt holders have approached the Company for settlement of their dues and the Company is in the process of the same. For further information on Trade Receivables, Loans and Subordinated liabilities refer Note 3, Note 4, Note 12 and Note 13 read with subnotes thereon

Maturity Profile of Financial assets and Financial liabilities (Rs. In thousands)

Particulars	As at 31st March 2020			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Financial Assets				
Cash and Cash Equivalents		3,355	-	3,355
Other Balances with Banks	-	1,191	-	1,191
Trade Receivables	-	-	-	-
Loans	-	-	-	-
Investments	1	-	6,868	6,869
Other Financial Assets	89	417	-	506
TOTAL	3,445	1,608	6,868	11,921
Financial Liabilities				
Trade Payables	338	-	-	338
Subordinated Liabilities	20,000	9,500	-	29,500
Other Financial Liabilities	134,502	-	-	134,502
TOTAL	154,840	9,500	-	164,340

Particulars	As at 31st March 2019			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Financial Assets				
Cash and Cash Equivalents	1,933	-	-	1,933
Other Balances with Banks	-	1,124	-	1,124
Trade Receivables	-	-	-	-
Loans	-	-	-	-
Investments	1	-	6,868	6,869
Other Financial Assets	33	729	-	762
TOTAL	1,967	1,853	6,868	10,688
Financial Liabilities				
Trade Payables	341	-	-	341
Subordinated Liabilities	-	29,500	-	29,500
Other Financial Liabilities	208,806	-	-	208,806
TOTAL	209,147	29,500	-	238,647

As at 1st April 2018				
Particulars	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Financial Assets				
Cash and Cash Equivalents	2,049	-	-	2,049
Other Balances with Banks	-	1,067	-	1,067
Trade Receivables	-	-	-	-
Loans	-	-	-	-
Investments	1	-	6,868	6,869
Other Financial Assets	170	1,498	-	1,668
TOTAL	2,220	2,565	6,868	11,653
Financial Liabilities				
Trade Payables	270	-	-	270
Subordinated Liabilities	-	29,500	-	29,500
Other Financial Liabilities	224,207	-	-	224,207
TOTAL	224,477	29,500	-	253,977

Fair value measurement hierarchy

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 (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique

Particulars	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets									
At Amortised Cost									
Cash and Cash Equivalents	3,355	-	-	1,933	-	-	2,049	-	-
Other Balances with banks	1,191	-	-	1,124	-	-	1,067	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Other Financial assets	506	-	-	762	-	-	1,668	-	-
At FVTPL									
Investments	6,869	1	6,868	6,869	1	6,868	6,869	1	6,868
Financial Liabilities									
At Amortised Cost									
Trade Payables	338	-	-	341	-	-	270	-	-
Subordinated liabilities	29,500	-	-	29,500	-	-	29,500	-	-
Other Financial Liabilities	134,502	-	-	208,806	-	-	224,207	-	-

27.04 Disclosure pursuant to Ind AS 108 "Segment reporting"

The company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - segment reporting. Therefore the question of making disclosures as required under Ind AS 108 does not arise. Company does not have any major customer contributing more than 10% of Revenue (including income considered as exceptional items)

27.05 Disclosure with regard to Corporate Social Responsibility as required by Section 135 of Companies Act, 2013

Provisions of CSR is not applicable to the Company considering the fact that the net profit after eliminating profit from sale of immovable property does not exceed Rs 50,000 thousands

27.06 Disclosures pursuant to Ind AS 116 "Leases"

The Company as a Lessee:

Depreciation charge for right of use assets by class of underlying asset: Nil, since there are no Right to Use Assets. However depreciation in respect of Building Lease hold, disclosed vide Note 9 read with note 24.

Interest expense on lease liabilities: Nil, since there are no such liabilities.

Expense relating to short term leases accounted for applying recognition exemptions: Refer Note 25 under the head "Office Rent"

Expenses relating to leases of low value assets accounting for applying recognition exemptions: There are no such leases.

Expenses relating variable lease payments not included in the measurement of lease liabilities: There are no such cases.

Income from subleasing of right to use assets: There are no such cases.

Total cash outflow for leases: Not applicable, since there are no Right to Use Assets.

Cash outflows in respect of short term leases covered under Note 25 of financial statement, as stated above. Cash outflow in respect of such leases within next 12 months Rs 7 thousands

Additions to Right to use assets and Carrying amount right of use assets at the end of the reporting period by class of underlying asset: There are no such additions

Maturity Analysis of Lease Liabilities applying Ind AS 107: Not applicable, since there are no lease liabilities

Year wise break up of Lease Rent Payables (covered under Ind AS 116): Not Applicable, since there are no such leases

Nature of leasing activities: The Company has taken the Building on lease on a short term basis, which has been used in the ordinary course of business

Other disclosures are required under Ind AS 116 not applicable to the Company.

The Company as a Lessor:

The Company has given the commercial premises under operating leases. The lease rent receivable there on credited to statement of profit and loss account vide note 20. Out of the above, one Building given on short term lease.

The nature of leasing activity carried on by the Company is the giving of commercial premises on operating lease. The management does not foresee any risk associated with any rights in retaining the underlying asset. The lease is supported by lease agreement/MOU and lessee is required to hand over the possession of the property back to the Company on expiry of the lease term. There are no other risk management strategy with regard to the lease.

Year wise breakup of Future Lease Rental Receipts:

Rs. In thousands	
Amount receivable during next	As at 31st March 2020
1 Year	1,471
2 Year	1,559
3 Year	999
4 Year	944
5 Year	-
Total	4,973

27.07 Disclosures relating to employee benefits as per Ind AS 19 "Employee Benefits"

A) Brief description of the plans:

The Company has two schemes for Long-Term Benefits: Provident Fund and Gratuity. In case of Funded Schemes, the funds are administered through Appropriate Authorities. The Company's Defined Contribution Plan is Employees' Provident Fund (under the provisions of Employee Provident Fund and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to the said fund. The Company is also contributing towards Employee State Insurance Plan as per statutory requirements, wherein the Company has no further obligation beyond making the contributions. The Company's Defined Benefit Plan is Gratuity.

The Company is also providing employee benefit by way of encashment of earned leave. The provision for the same has been made on estimated basis. The amount involved therein is not material, considering the size of the Company. The Company has not opted for actuarial valuation, considering the cost involved and also the concept of materiality.

The Company's defined benefit plan is gratuity.

B) Charge to the Statement of Profit and Loss on account of contributions:

Particulars	(Rs. In thousands)	
	2019-20	2018-19
Company's contribution to		
i. Provident Fund	60	66
ii. Employee State Insurance Plan	13	19
iii. Leave encashment provision	-	-

C) Disclosures pertaining to Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. This fund is being maintained by LIC Insurance Corporation of India (LIC). The disclosures as required under Ind AS 19 is made below, on the basis of report obtained from LIC.

Particulars	(Rs. In Thousands)	
	Year ended 31st March 2020	Year ended 31st March 2019
a) Changes in defined benefit obligations		
Present value of obligation as at the beginning of the year	305	271
Interest Cost	20	20
Current service cost	15	14
Past service cost	-	-
Remeasurements - Net actuarial (gains)/ losses	1	-
Benefits paid	-	-
Present value of obligation as at the end of the year	341	305
b) Changes in fair value of the plan assets of the gratuity plan		
Plan assets at the beginning of the year	299	255
Interest income	23	23
Contribution by employer	99	95
Benefit paid	-	-
Return on plan assets (Excl. interest income)	1	174
Fair value of the plan assets at the end of the year	422	299
c) Expenses recognised in the Statement of Profit and Loss		
Interest cost	20	20
Current service cost	15	14
Past service cost	-	-
Total	35	34
d) Remeasurement gains/(losses) recognised in OCI		
Actuarial changes arising from changes in financial assumptions	63	61
Return on plan assets (including interest income)	24	(51)
Total	87	10
e) Amount recognised in the Balance Sheet		
Present Value of Funded Defined Benefit obligation	341	305
Fair value of plan assets	422	299
Net funded Asset/(Liability)	81	(6)
D Actuarial assumptions		
Discount rate	6.58%	7.56%
Salary escalation rate - over a long-term	5.00%	5.00%
Mortality rate	Indian assured lives mortality (2012-14) (Ultimate)	Indian assured lives mortality (2012-14) (Ultimate)

The attrition rate is 5% for the year ended 31st March, 2020 (5% for the year ended 31st March, 2019)

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 employees of the Company are assumed to retire at the age of 58 years.

The expected contribution payable to the plan next year is Rs.7 thousand.

g) Quantities sensitivity analysis for significant assumption is as below:

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant. The significant actuarial assumptions are discount rate and salary escalation rate.

Particulars	Year ended 31st March, 2020 (Rs. In thousands)	Year ended 31st March, 2019 (Rs. In thousands)
	1% increase	
i. Discount rate	319.70	285.18
ii. Salary escalation rate - over a long term	364.26	327.60
iii. Attrition rate	341.89	307.37
	1% decrease	
i. Discount rate	364.66	327.86
ii. Salary escalation rate - over a long term	319.72	285.12
iii. Attrition rate	340.47	303.58

The sensitivity analysis presented above may not be representative of the actual charge in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as the assumptions may be correlated.

h) Maturity analysis of defined benefit obligation (Payout)

The defined benefit obligation shall mature after 31st March, 2020 as follows

Particulars	Rs. In thousands
Year 1	20.57
Year 2	20.61
Year 3	20.66
Year 4	20.72
Year 5	20.77
Next 5 Years (6-10 Years)	230.99
Payouts above 10 years	209.75
Total Expected Payments	544.07

27.08 Financial and Non-Financial Assets

In the opinion of the Board of Directors, the assets listed under the heads Financial Assets & Non-Financial Assets (other than Property Plant and Equipment, Investment Property and Investments) as stated in Note 1 to 10 the Balance Sheet, have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

27.09 Disclosure of Related Parties/Related Party Transactions pursuant to Ind AS 24 "Related Party Disclosures"

(a) List of Related Parties and its Status of Transactions

Sr. No.	Name of the Related Party	Nature of relationship	Whether Related party transactions entered during the year (Yes/No)
1	T. Narayana M. Pai, Managing Director	Key Managerial Personnel	Yes
2	T. Sanjay Pai, Chief Finance Officer	Key Managerial Personnel	Yes
3	Shipra Agarwal, Company Secretary	Key Managerial Personnel	Yes

(b) Summary of Related party Transactions

Sl No.	Particulars	KMP and their Relatives		Other Related Parties		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
A. Volume of Transactions:							
A1	Advances received	27,104	7,500	-	-	27,104	7,500
A2	Salary and Other Allowances	673	298	-	-	673	298
B. Balances at the end of the year:							
B1	Balance in advances received	45,804	18,700	-	-	45,804	18,700
C. Other disclosures:							
C1	Other Payments to Directors	-	-	12	12	12	12

(c) Disclosure of Related Party Transactions

(Rs. in thousands)

Sr. No.	Nature of Transactions/Parties	2019-20	2018-19
A1	Advances received during the year		
	<i>T. Narayana M. Pai, Managing Director</i>	27,104	7,500
		27,104	7,500
A2	Key Management personnel Compensation:		
	<i>T. Sanjay Pai, Chief Finance Officer</i>		
	Short term Employee benefits	223	223
	Post Employment benefits	30	30
	Total	253	253
	<i>Shipra Agarwal, Company Secretary</i>		
	Short term Employee benefits	420	45
	Total	420	45
	Grand Total	673	298
B1	Balance in advances received		
	<i>T. Narayana M. Pai, Managing Director</i>	45,804	18,700
		45,804	18,700
C1	Other Payments to Directors		
	<i>Sitting Fees to Independent/non executive directors</i>	12	12
		12	12

27.10 Disclosure pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

A. Liability in respect of damages and others in respect of suits against the Company before various Courts, Consumer Courts etc (in respect of repayment of deposits/debentures/debts with interest & other costs) has not been quantified and provided, due to lack of information with the company and also considering the fact that many of such customers have approached the Company for settlement at discounted rates. The collection of information is under process

B. No provision made for disputed income tax liability for various years wherever department has preferred an appeal before the Honorable Tribunal, Honorable High Court and Honorable Supreme Court. The question of quantification of liability thereon, does not arise, for the reason that the cases were allowed in favor of the Company, by the lower appellate authorities

C. The Company, during the year has received show-cause notice from Registrar of Companies, Karnataka (ROC) with regard to non compliance of appointing women directors on the Board of Directors and non compliance with regard to non-signing of directors reports by the requisite number of directors as per the provisions of section 134(6) of the Companies Act, 2013. The management of the Company has filed an application for adjudication of penalties under Companies Act, 2013 which is pending before the ROC. In the absence of an adjudication of penalties and specific demand notice, the management is unable to quantify the penalty amount. The show cause notice as aforesaid also refers to certain other matters, including proposal of action for unpaid matured deposits with interest thereon. The Company has made the representation before the Registrar of Companies Karnataka to drop the proposals since in the opinion of the Company, either there are no non compliance or the Company has taken sufficient steps to comply with the observations.

27.11 The Management of the Company is of the opinion that the directors of the Company are not disqualified u/s 164(2) of Companies Act 2013, [in spite of the fact that the Company has stopped repaying matured debentures/debts/deposits and interest thereon as detailed in Note no. 13.01], for the reason that the Company is exploring the possibility of presenting a new scheme of arrangement, as detailed in the aforesaid note and also considering the following aspect:

As explained in Note 13.01 to the financial statements, the Company has stopped repaying the matured debentures/debts/deposits and interest thereon, with effect from 30th June 2012. The period of 5 years has already elapsed (since the last of the maturity dates, on which the Company has stopped the repayment as aforesaid) as on 1st April 2014 i.e. the commencement of the Companies Act, 2013. Accordingly, there are no new failures to repay liabilities after the commencement of Companies Act 2013 as contemplated under Section 164(2)(b) of the Companies Act 2013 and therefore the directors of the Company are not disqualified.

27.12 Impairment of Assets

Non financial Assets including Property, Plant and Equipment & Investment Property

The management of the company is of the opinion that carrying value of assets does not exceed its recoverable value. Further the Company does not have any information whether internal or external, that indicate that impairment loss may have occurred. Considering all these aspects, the company has not impaired any of the non financial assets. This note is to be read along with Note 8.09 to Financial Statements.

Financial Assets

Investments :

The management of the company is of the opinion that Financial Assets held as Equity Instruments and Preference Shares have not been impaired. The details of amount invested in equity instruments and preference shares are disclosed vide Note no. 5 to Financial statements.

Trade Receivables:

The company has already provided for impairment loss in full towards these Financial assets as per the RBI Prudential norms. The Company is of the opinion that the amount so impaired is appropriate as on the date of the Balance Sheet and accordingly there is no requirement to consider any further impairment towards these financial assets. Trade receivables are impaired under Life Time Expected Credit Loss Method and the details are given vide note. Note 3 and 27.03 to the Financial statements.

Loans:

As per RBI prudential norms company has already provided in full towards loans. Therefore the question of framing further policy in this connection does not arise. Loans are impaired under Life Time Expected Credit Loss Method and the details are given vide note. Note 4 and 27.03 to the Financial statements.

Other Financial Assets:

Other financial assets (other than covered above) consists mainly of and Cash & Bank balances and deposits with consumer courts. The Company does not have any information whether internal or external, that indicate that impairment loss may have occurred. Accordingly the company has not impaired any of those financial assets

27.13 Further Disclosure as required under Ind AS 7 (Statement of Cash Flows) with regard to financing activities (Rs. In thousands)

Current Year:

Particulars	Opening balance as on 1st April, 2019	Cashflows	Non cash Transaction (Settlement portion as detailed in Note 17.01)	Closing balance as on 31st March, 2020
Unpaid matured deposits	179	(89)	-	90
Unpaid matured debentures	18,652	(14,023)	(236)	4,393
Unpaid subordinated liabilities	135,657	(62,468)	(7,109)	66,080
Total Cash outflow (net) on account of financing activities	154,488	(76,580)	(7,345)	70,563

Previous Year:

Particulars	Opening balance as on 1st April, 2018	Cashflows	Non cash Transaction (Settlement portion as detailed in Note 17.01)	Closing balance as on 31st March, 2019
Unpaid matured deposits	179	-	-	179
Unpaid matured debentures	27,366	(8,996)	282	18,652
Unpaid subordinated liabilities	147,243	(5,996)	(15,590)	125,657
Total Cash outflow (net) on account of financing activities	174,788	(14,992)	(15,308)	154,488

27.14 The Company has not verified the Property, Plant and Equipment under lease falling under the head "Leased Machineries and Equipment" & "Leased Vehicles and Furniture", considering the fact that the present value of such assets are not material and also considering the cost involved in the aforesaid verification

27.15 The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, subject to the Note 27.14 of financial statement.

27.16 Note on Covid

The spread of sars-coV-2 virus (referred as 'Covid-19') across the globe and in india has contributed to a significant decline and volatility in global and indian financial markets and a shrink in the economic activities. The Company, however, believes strongly that its offerings to the customer would not significantly impact its revenues.

The impact on future revenue streams could come from lower rate of recovery of receivables and lower rental incomes on account of waivers / concessions in rent sought by the tenants and cancellation of lease agreement which is the major source of income for the Company. The Company however expects the rental income to be back to the existing levels post the pandemic. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising investment properties, investments, other financial and non-financial assets etc. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID 19 pandemic which may be different from that estimated as at the date of approval of these financial statements.

Due to the nature of the pandemic and non-availability of necessary vaccine / treatment for its eradication, the Company will continue to be vigilant on various developments / impacts in the future so as to insulate itself from any material adverse impact.

However the company has stopped accepting/renewing deposits, debentures and subordinated debts with effect from 1st day of July 2002 and It has also not advanced any loans since then as detailed in Note 13 read with subnotes thereon. The company has already provided for impairment loss in full towards its loans and trade receivable and these accounts have been overdue for more than 5 years as detailed in the note 27.03 to the Financial statements. Accordingly extension of moratorium in terms of COVID-19 regulatory package announced by Reserve Bank of india (RBI) on March 27, 2020 and to RBI notification dated May 23, 2020, to borrowers is not applicable to the company.

Company has continued its efforts to recover the dues and settle the liabilities in the normal course. Accordingly Company is of the opinion that there is no major impact of the pandemic on the operations in the future, in comparison with the Pre -Covid Situation.

27.17 The Company has earned Profit during the year and also during immediate previous financial year i.e. year ending 31st March 2020, due to Exceptional Income as stated in Note 26.

27.18 The nature of pending litigations has been disclosed in Note 27.10. However the impact on the financial position of the Company is not ascertainable for the present, for the reasons as mentioned therein

27.19 The Company does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

27.20 The Company is not required to transfer any amount to the investor education and protection fund for the reason that there are no unclaimed deposits/debentures/subordinated debts as on 31st March 2020 and also for the reasons as given in Note 13 read with subnotes thereon

As per our report of even date
For M/s Sriramulu Naidu & Co
Chartered Accountants
Firm Registration No. : 008975S

Sd/-
CA Sriramulu Naidu
Partner
Membership No. : 018244
UDIN: 20018244AAAAGC7813
Mangalore
July 24, 2020

Sd/-
T. Narayan M Pai
Managing Director
DIN: 00101633

Sd/-
T. Sanjay Pai
Chief Finance Officer

Manipal
July 24, 2020

Sd/-
Vinoda Sherigar
Director
DIN: 07224755

Sd/-
Shipra Agrawal
Company Secretary
M. No. : A37076

Manipal
July 24, 2020

Schedule to the
Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 9BB of
Non Banking Financial Companies Prudential Norms(Reserve Bank) Directions. 1998

Manipal Finance Corporation Ltd, Manipal

As on 31st March 2020

(Rs in lakhs)

Particulars		Amount outstanding	Amount Overdue
Liabilities side:			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	(a) Debentures: Secured	59	59
	: Unsecured (other than falling within the meaning of public deposits)	0	0
	(b) Deferred Credits	0	0
	(c) Term Loans	0	0
	(d) Inter-corporate loans and borrowing	0	0
	(e) Commercial Paper		
	(f) Public Deposits	1	1
	(g) Other Loans (subordinated debts, working capital loans)	705	705
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	0	0
	(b) In the form of partly secured debentures I. E. debentures where there is a shortfall in the value of security	0	0
	(c) Other public deposits	1	1
Assets side:			
		Amount outstanding (before provisions)	
(3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured		19
	(b) Unsecured (including debtors)		2,111
(4)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease		0
	(b) Operating lease		0
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		111
	(b) Repossessed Assets		0
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been repossessed		0
	(b) Loans other than (a) above		0
(5)	Break-up of Investments:		
	Current Investments: (Stock in trade considered)		
	1. Quoted:		
	(i) Shares: (a) Equity (Rs 1000)		0
	(b) Preference		0
	(ii) Debentures and Bonds		0
	(iii) Units of mutual Bonds - ICI/CI Prudential Plan		0
	(iv) Government Securities		0
	(v) Others (please specify)		0

2. Unquoted (Stock in trade considered)			
(i) Shares: (a) Equity			0
(b) Preference			0
(ii) Debentures and Bonds			0
(iii) Units of mutual Bonds			0
(iv) Government Securities			0
(v) Others (please specify)			0
Long Term Investments:			
1. Quoted:			
(i) Shares: (a) Equity			0
(b) Preference			0
(ii) Debentures and Bonds			0
(iii) Units of mutual Bonds			0
(iv) Government Securities			0
(v) Others (please specify)			0
2. Unquoted:			
(i) Shares: (a) Equity			68
(b) Preference			0
(ii) Debentures and Bonds			0
(iii) Units of mutual Bonds			0
(iv) Government Securities			0
(v) Others (please specify) - IDBI BONDS			0
Interest accrued on Investments			0
Fixed deposit with Nationalised Banks			0
(6) Borrower group-wise classification of all leased assets, stock on hire and loans and advances:			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	0	0	0
(b) Companies in the same group	0	0	0
(c) Other related parties	0	0	0
2. Other than related parties (*)	0	0	0
Total	0	0	0
(7) securities (both quoted and unquoted):			
Category	Market Value/ Break up or fair value of NAV	Book Value (net of provision)	
1. Related Parties			
(a) Subsidiaries			
(b) Companies in the same group	0	0	
(c) Other related parties	0	68	
2. Other than related parties	0	0	
Total	0	1	69
(8) Other Information			
Particulars		Amount	
(i) Gross Non - Performing Assets			
(a) Related Parties	NIL		0
(b) Other than related parties	NIL		0
(ii) Net Non - Performing Assets	NIL		2,332
(a) Related Parties	NIL		0
(b) Other than related parties	NIL		0
(iii) Assets acquired in satisfaction of debt	NIL		0