

# Business Responsibility Report



As a pioneering gold loan company meeting the credit needs of the underprivileged in society, Manappuram Finance Limited is committed to create market value and social capital in equal measure. The Company strives to be a model corporate citizen and we take seriously our responsibilities to stakeholders, the wider society and to the environment. Our first Business Responsibility Report presented here will attest to that.

**V.P. Nandakumar**  
 MD & CEO

## SECTION A GENERAL INFORMATION ABOUT THE COMPANY

1.	CIN of the Company:	L65910KL1992PLC006623
2.	Name of the Company:	Manappuram Finance Limited
3.	Registered address:	Manappuram Finance Limited IV / 470 (old) W638A (New), Manappuram House, Valapad, Thrissur, Kerala, India - 680 567 Landline : 0487 3050 000, 3050 108, 3050 100 Fax : 0487 2399298
4.	Website:	www.manappuram.com
5.	E-mail id:	mail@manappuram.com
6.	Financial Year reported:	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	As per National Industrial Classification - 2008: Section K - Financial and Insurance Activities Division 64 - Financial Service Activities, except insurance and pension funding. Code: 64191 Manappuram Finance Limited ('Manappuram Finance') is a non-banking company governed by RBI Act, 1934
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> <li>● Gold loan</li> <li>● Vehicle and Equipment Finance</li> <li>● SME Finance</li> </ul>
9.	Total number of locations where business activity is undertaken by the Company	
i.	Number of International Locations (Provide details of major 5) :	None
ii.	Number of National Locations	As on March 31, 2017, Manappuram Finance has over 3200 branches across 28 states and UTs of India of which 5 branches are situated in Andaman & Nicobar Island.
10.	Markets served by the Company: (Local / State / National / International)	Manappuram Finance serves customers in national market.

## SECTION B FINANCIAL DETAILS OF THE COMPANY

- 1 Paid-up Capital (₹ Million): 1,683.80**
- 2 Total Turnover (₹ Million): 30,084.33**
- 3 Total Profit after Taxes (₹ Million): 7,260.34**
- 4 Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%): 1.55%**
- 5 List of activities in which expenditure in 4 above has been incurred.**

Activities are predominantly education, healthcare, Old Age Homes / Day Care facilities for senior citizens and Empowerment of women. For more details please refer Annexure V of Boards Report.

**SECTION C OTHER DETAILS****1 Does the Company have any Subsidiary Company / Companies?**

Yes

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

Yes. Three Subsidiaries

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

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

**SECTION D BUSINESS RESPONSIBILITY INFORMATION****1 Details of Director / Directors responsible for BR****a. Details of the Director / Directors responsible for implementation of the BR policy / policies**

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

**b. Details of the BR head : Nil****2. Principle-Wise (As per NVGs) BR Policy / Policies****(a) Details of Compliance (Reply in Y / N)**

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

### Note 1

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

### Note 2

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

- Business Responsibility Policy
- Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices
- Cross selling policy
- Investment Policy
- Auction Policy
- Policy for Determination of Materiality and Disclosure of Material Events/Information
- Policy on Materiality of Related Party and Manner of Dealing With Related Party Transactions
- Loan Policy
- Interest rate Policy
- Whistle blower Policy
- Corporate Social Responsibility Policy
- Know Your Customer (KYC) and Anti Money Laundering Measures Policy
- Fair Practice Code
- Mechanism for Dealing with Customer Complaints & Redressal

- Internal Audit Policy
- Dividend Distribution Policy
- Gift Policy
- Employee Speak up Policy
- HR Policy
- POSH policy
- Policy on transfer of Unclaimed Amount NCDs to GOI or IEPF

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

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

Not Applicable

### 3 Governance related to BR

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

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

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

This is the first Business Responsibility Report of the Company. Going forward, Manappuram Finance will publish BR Report annually and it will form part of Annual Report. It is available at <http://www.manappuram.com/investors/annual-reports.html>.

## SECTION E PRINCIPLE-WISE PERFORMANCE

### Principle 1

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

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

Manappuram Finance accords utmost importance to ethical, transparent and accountable conduct by its employees and stakeholders. The Compliance function of Manappuram Finance ensures needed compliance with various regulatory and statutory requirements at all appropriate levels within the Organization. It also updates the Board and the Management on the status of compliances in the changing regulatory environment. Manappuram Finance commits timely disclosures and transparency at all levels so as to provide access to all relevant information about its business to stakeholders. The Corporate

Governance practices apply across various businesses of Manappuram Finance including Board Governance. The Board oversees the service of the Management towards protection of stakeholders' interest in the long run.

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

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

## Principle 2

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

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

The Company has also incorporated social and environmental opportunities in its financial operations, as in the following examples:

- Manappuram Finance has developed Online Gold Loan (OGL) which is India's first attempt at digitalization of the field. OGL is a step forward to attain the National objective of cashless transactions.
- E- KYC platform linked to Aadhaar had been successfully developed and implemented over 1500 branches.
- In May 2016, Manappuram Finance partnered with State Bank of India to launch its first MINI ATM (PoS) service at Valapad branch.
- Engaged on-ground digital literacy program "Project E-Valapad" initiated by Manappuram Finance in partnership with the Panchayat aimed at spreading digital financial literacy among households in the Valapad village area.

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

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

As a company dealing in financial services, the main resource utilized by the organisation is paper. Focus is given to making systems and procedures paperless and tech initiatives initiated to make the head office paperless which will be implemented in full swing within 3 months. The launch of Online Gold Loan facility accessible to customers through a mobile app has reduced consumption of paper. Centralised ERP system implemented by Company helps to reduce paper usage at various divisions and branches. Manappuram Finance has also implemented paperless Board and committee meetings so as to avoid usage of paper.

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

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

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

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

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

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

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

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

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

Manappuram Finance has a wide network of branches in 28 states and UTs of India to reach out to rural, semi-urban and urban customers. The Company has used the Business Associate model to enhance its business and reach out to customers. Under this model, Business Associates are recruited locally. Branches to select vendors as per the procurement standards and many items of minimal value are sourced locally.

The Company has taken several initiatives for the development of local suppliers of goods and services. For example, at the Head Office in Valapad, the canteen facility is run by a self help group of women belonging to the neighbourhood.

### Principle 3

1. **Please indicate the Total number of employees:**  
18933 employees were on the payroll of Manappuram Finance as on March 31, 2017.
2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**  
Manappuram Finance has hired 93 employees on temporary / contractual / casual basis.
3. **Please indicate the Number of permanent women employees.**  
6939 permanent women employees were on the payroll of the Company as on March 31, 2017.
4. **Please indicate the Number of permanent employees with disabilities.**  
30 permanent employees with disabilities were on the payroll of the Company as on March 31, 2017.
5. **Do you have an employee association that is recognized by management.**  
No.
6. **What percentage of your permanent employees is members of this recognized employee association?**  
Nil
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**  
There were 4 complaints regarding sexual harassment which were filed with Internal Complaints Committee of the Company and the same were resolved by the Committee during FY 2016-17.
8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**  
Induction and skill up-gradation training programmes are routinely conducted and it covers a substantial part of the workforce every year. The training programmes cover various aspects such as product training, soft skills and behavioural training etc.
  - a. **Permanent Employees:**  
14831 Employees (78%)
  - b. **Permanent Women Employees:**  
5629 Women Employees (81%)
  - c. **Casual / Temporary / Contractual Employees:**  
93 Casual Employees (100%)

### d. Employees with Disabilities:

30 (100%)

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

### Principle 4

1. **Has the Company mapped its internal and external stakeholders? Yes / No**  
Yes
2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.**  
Yes.
3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**  
Yes, Manappuram Finance regularly undertakes initiatives to engage with disadvantaged, vulnerable & marginalized stakeholders. Manappuram Finance is committed to providing financial services in rural/unbanked areas. As on March 31, 2017, out of 3290 branches of the Company, 712 branches were operating in rural areas and another 5 are operating in Andaman Nicobar Island. We believe that stakeholders have a key role to play in the growth of the organisation. It is our endeavour to build strong relationships with each of the stakeholders to meet their financial needs through better service and products and ensure harmonious and sustainable growth for the Company. Manappuram Finance has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns.

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

#### Shareholders, Customers & Investors

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

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

### Employees

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

### Government & Regulators

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

### Business Associates, Vendors and Suppliers

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

### Community

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

### Media

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

## Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

No. The policies revolving around human rights cover not only Manappuram Finance but also other stakeholders.

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

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Manappuram Finance did not receive any complaint relating to human rights violations from internal or external stakeholders

## Principle 6

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

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

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

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

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

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

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

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

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

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

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

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

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

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

Not applicable to the Company.

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

No show cause / legal notices were received.

**Principle 7**

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

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

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

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

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

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

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

**Principle 8**

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

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

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

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Government structures / any other organization?**

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

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

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

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

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

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

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

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

**Principle 9**

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

47.22% of Consumer cases were pending as on the end of FY 2016-17.

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

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

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

There were 324 cases filed against the Company regarding unfair trade practices during last five years out of which 153 cases were pending as on the end of FY 2016-17.

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

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

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

**Some of the key policies for protection of customers are:**

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

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

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

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

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