

# **ANNUAL** *REPORT*

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## **2019 - 2020**

## DIRECTORS REPORT

To  
The Members of  
MANAPPURAM INSURANCE BROKERS LIMITED  
CIN:- U66010KL2002PLC015699

Your Directors are pleased to present the 18<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

### 1. PERFORMANCE OF THE COMPANY/ SUMMARY OF FINANCIAL RESULTS:

The financial results for the year ended 31st March, 2020 and the corresponding figures for the last year are as under:-

Financial Results (Rs. in thousands)

Description	As on March 31, 2020	As on March 31, 2019
Income from Operations	144,025.59	111,377.03
Other Income	6,215.49	1,956.01
<b>Profit Before Tax</b>	<b>96,289.40</b>	<b>48,438.93</b>
Less:- Current Tax	23,829.00	13,200.47
Deferred Tax	(834.37)	997.95
<b>Profit for the year</b>	<b>73,294.77</b>	<b>34,240.51</b>
Other Comprehensive income for the year	(598.68)	37.77
<b>Total comprehensive Income for the year</b>	<b>72,696.09</b>	<b>34,278.28</b>

### 2. RESERVES AND SURPLUS:

During the year Company had transferred NIL amount to the General Reserve. The total balance of reserves and surplus is Rs.5.49 Crore as on 31<sup>st</sup> March 2020.

### 3. STATE OF COMPANY'S AFFAIRS:

We are glad to inform you that, your Company had performed extraordinarily well during the Financial Year 2019-20 and the growth of the company was above target. The revenue from operations of the Company was Rs. 14.40 Crore and profit for the year was Rs. 7.32 Crore during the F.Y. 2019-20. During the corresponding period of the previous year the revenue from operations of the Company was Rs. 11.13 Crore and Net Profit was Rs. 3.42 Crore. Keeping the major focus on operation of business, your Company is looking into various opportunities that may be available considering the growth prospects.

#### 4. WEB LINK OF ANNUAL RETURN

The Company is having website i.e. [www.maibro.in](http://www.maibro.in) and annual return of Company has been published on such website. Link of the same is given below:

<https://www.maibro.in/Home/Noticetoshareholders>

#### 5. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business. Commencing from the end of F.Y. 2019-20, nationwide lockdown was imposed due to COVID-19 and hence the business of the Company decreased tremendously and the first quarter business of F.Y. 2020-21 was also impacted.

#### 6. DIVIDEND :

Company had declared 1 interim dividend during the year. Interim dividend of 320% at the rate of Rs.32/- (Rupees Thirty Two Only) per Equity Share of Rs.10/- amounting to Rs. 50,240,000/- (Rupees Five Crore Two Lakh Forty Thousand Only) was declared in the Board meeting held on 13th March 2020 based on the unaudited financial statements of the Company for the period ending 31st December 2019 as considered by the Board and Audit Committee meeting held on 22nd January 2020.

#### 7. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company comprises of well qualified and experienced persons in their respective areas.

During the Financial Year 2019-20, the Company held 6 board meetings as summarized below. The provisions of Secretarial Standards and the Companies Act, 2013 were adhered to while considering the time gap between two meetings.

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	08 <sup>th</sup> May 2019	7	6
2.	28 <sup>th</sup> May 2019	7	7
3.	06 <sup>th</sup> August 2019	7	7
4.	01 <sup>st</sup> Nov 2019	7	7
5.	22 <sup>nd</sup> Jan 2020	7	7
6.	13 <sup>th</sup> March 2020	7	7

## 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. V.P. Nandakumar and Mr. B.N. Raveendra Babu to be retired by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Also, Mr. K.M. Rajesh was appointed as Chief Executive Officer and Principal Officer of the Company with effect from 28<sup>th</sup> May 2019.

## 8. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES :

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company. But the Company as a part of good corporate Governance has framed Nomination and Remuneration Committee which works as per the approved charter of Committee. We hereby confirm that all the appointment, payment of remuneration and discharge of directors' duties are made as per the approvals of Nomination and Remuneration Committee.

## 9. DETAILS OF FRAUD REPORT BY AUDITOR:

As per auditors' report, no fraud u/s 143(12) reported by the auditor.

## 10. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES :

The provisions Corporate Social Responsibility shall be applicable to the company from F.Y. 2019-20. In line with the Companies Act, 2013, the Company shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one Director shall be an Independent Director.

The composition of the Corporate Social Responsibility Committee of Directors w.e.f. 07<sup>th</sup> May 2020 is as under:

1. Mr. P.K. Vijayakumar - Chairman
2. Mrs. Jyothi Prasannan- Member
3. Mr. K. Subrahmanyam - Member

## 11. RISK MANAGEMENT POLICY:

Considering the size and number of transaction during the year, the Company has adequate risk management plan and board has a sufficient control over various risks of the Company. Risk status of the Company is reviewed by the Board of Directors and is periodically reviewed by the top management and significant risks are being reported to the Board.

12. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY :

The Company does not have any Subsidiary / Joint Ventures / Associate Companies. The Company is a wholly owned subsidiary of M/s. Manappuram Finance Limited

13. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During the year no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

14. CHANGES IN SHARES CAPITAL

During the year, there were no change in the share capital of the Company.

15. COMPLIANCE WITH SECRETARIAL STANDARD:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively

16. STATUTORY AUDITORS:

The Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number-117366W/W-100018, 31st Floor, Indiabulls finance Centre, Tower 3, SB Marg, Murnbai 100013. India), were appointed as Statutory Auditors of the Company from the conclusion of 17th AGM of the Company till five years.

17. AUDITORS' REPORT :

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors' remarks in their report are self-explanatory and do not call for any future comments.

18. BOARD'S COMMENT ON THE AUDITORS' REPORT

The observations of the Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self explanatory and do not call for any further comment.

19. 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.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 :

The Company has not given any loans, made investment, gave guarantee or provided security as per the provisions of Section 186 of the Companies Act, 2013.

21. DEPOSIT :

The Company has neither accepted nor renewed any deposits during the year under review.

22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :

The Company had entered into related party transaction during the current year. The Company presents all related party transactions before the Board specifying the nature, value, and terms and conditions of the transaction. Transactions with related parties are conducted in a transparent manner with the interest of the Company and Stakeholders as utmost priority.

FORM AOC- 2 giving details about the related party transaction during the year is attached as annexure of Board Report

23. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee we have formed regional committee at Thrissur Level dated 06<sup>th</sup> February 2017.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complain during the year 2019-20. Board of Directors reviewed the Policy in its meeting held on 22<sup>nd</sup> January 2020.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earning and outgo are as follows:

Conservation Of Energy

(i)	the steps taken or impact on conservation of energy	Company's operation does not consume significant amount of energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy.	Not applicable, in view of comments in clause (i)
(iii)	the capital investment on energy conservation equipment's	Not applicable, in view of comments in clause (i)

Technology Absorption

(i)	the effort made towards technology absorption	The Company has adopted BRP system for smooth running of its business and better completion Implementation –Online based insurance policy
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		issuance through the Company portal is in process in order to attract tech customers and to give better comparison of various insurance products of various insurance companies.
(ii)	the benefits derived like product improvement cost reduction product development or import substitution	These technology brings more business to the Company with lesser man power inception and will be cost-effective
(iii)	in case of imported technology (important during the last three years reckoned from the beginning of the financial year)	Nil
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	Nil

#### Foreign exchange earnings and outgo

During the year, the total foreign exchange used was Rs. Nil and the total foreign exchange earned was Rs. Nil

#### 25. COST RECORD

The provision of Cost audit as per section 148 is not applicable on the Company

#### 26. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF)

#### 27. INTERNAL FINANCIAL CONTROL

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 was observed.

#### 28. 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;

#### 29. DECLARATION BY INDEPENDENT DIRECTOR UNDER SECTION 149 (6)

The provisions of Section 149(4) relating to appointment of Independent Directors are not applicable to the Company. However as a part of good corporate governance Company has appointed 4 Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 during the FY 2019-20 and declaration have been obtained at the beginning of F.Y. 2020-21

#### 30. ACKNOWLEDGEMENT

The Directors acknowledge the dedicated service rendered by all employees and support rendered by the employees of holding Company and customers. The directors specially thank the auditors, bankers and all stakeholders for their contribution to the growth of the company. The Directors also pay their homage to the patrons behind this initiative who have sought eternal abode.

For and on behalf of Board  
Manappuram Insurance Brokers Limited

Sd/-  
Jyothi Prasannan  
Director  
(DIN:- 00044371)

Sd/-  
V.P. Nandakumar  
Director  
(DIN:- 00044512)

Place : Valapad  
Date : 07<sup>th</sup> May 2020

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

SL. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	NA
2	Nature of contracts/arrangements/transaction	NA
3	Duration of the contracts/arrangements/transaction	NA
4	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
5	Justification for entering into such contracts or arrangements or transactions'	NA
6	Date of approval by the Board	NA
7	Amount paid as advances, if any	NA
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis:

SL. No.	Particulars	Details		
1.	Name (s) of the related party & nature of relationship	Manappuram Finance Limited	Manappuram Comptech And Consultants Limited	Manappuram Travels
2.	Nature of contracts/arrangements/transaction	Rent and Reimbursement of Expense	IT support and Consultation Fee	Travelling Expense
3.	Duration of the contracts/arrangements/transaction	10 years	Till completion of development ,	Request based
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Occupying office premise at Chandapadi and Mumbai on lease at rent as Rs. 22,416/- and Rs. 58,650/- respectively per month plus additional repair and maintenance, Obtain license for using LMS platform at cost of Rs. 6,00,921/-	Product sale agreement at fees Rs. 21,00,000/- plus recurring and other fees, Paperless Office Implementation at fees Rs. 1,00,000/- plus recurring storage and other fees.	Travelling ticket booking fare reimbursement and service charges
5.	Date of approval by the Board	8th May 2019, 07th May 2020	12th December 2019 12th Feb 2020	08th May 2019
6.	Amount paid as advances, if any	-	-	-

Place : Valapad  
Date : 07<sup>th</sup> May 2020

V.P. Nandakumar  
Chairman  
DIN : 00044512

Annexure

FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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:

CIN	U66010KL2002PLC015699
Registration Date	17/10/2002
Name of the Company	MANAPPURAM INSURANCE BROKERS LIMITED
Category/Sub-category of the Company	Company limited by Shares Non-Govt company
Address of the Registered office & contact details	2 <sup>nd</sup> Floor, Manappuram House (Old Building) Valapad Thrissur Thrissur KL 680567 IN Ph:- +91-7594810201
Whether listed company	Unlisted
Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

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	Insurance brokerage and agency services	66210	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Manappuram Finance Limited	L65910KL1992PLC006623	HOLDING COMPANY	100%	2(87) (ii)

IV. 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-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	NIL	1570000	1570000	100%	1569999	1	1570000	100%	NIL
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	NIL	1570000	1570000	100%	1569999	1	1570000	100%	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
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):-									
2. Non-Institutions	NIL								
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident									

Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	1570000	1570000	100%	1569999	1	1570000	100%	NIL

B) Shareholding of Promoter-

S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Manappuram Finance Limited	1570000	100%	NIL	1570000	100%	NIL	-

C) Change in Promoters' Shareholding (please specify, if there is no change)- There is no change in the shareholding of promoters during the year 2019-20

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
	At the beginning of the year				
	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				

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

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	V.P. Nandakumar (On behalf of Manappuram Finance Limited)				
	At the beginning of the year	1 share	0%	1 share	0%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /	0 shares	0%	1 share	0%

	bonus/ sweat equity etc.):				
	At the end of the year	1 share	0%	1 share	0%
2	Jyothi Prasannan (On behalf of Manappuram Finance Limited)				
	At the beginning of the year	1 share	0%	1 share	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	1 share	0%
	At the End of the year	1 share	0%	1 share	0%
3	B.N. Raveendra Babu(On behalf of Manappuram Finance Limited)				
	At the beginning of the year	1 share	0%	1 share	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	1 share	0%
	At the End of the year	1 share	0%	1 share	0%
4	Adv. V.R. Ramachandran				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%
5	M.N. Gunavardhanan				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year	0 shares	0%	0 shares	0%

	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	0 shares	0%	0 shares	0%
6	P.K. Vijayakumar				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%
7	Subrahmanyam K				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%
8	K.M. Rajesh				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%
9	Shanto Paul				
	At the beginning of the year	0 shares	0%	0 shares	0%

	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%
10	Anjurose Paulson				
	At the beginning of the year	0 shares	0%	0 shares	0%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0 shares	0%	0 shares	0%
	At the End of the year	0 shares	0%	0 shares	0%

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
Principal Amount				
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
Addition				
Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year i) Principal Amount	NIL	NIL	NIL	NIL
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL- NIL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		NIL	NIL	NIL	NIL	
1	Gross salary					
	(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 (A)					
	Ceiling as per the Act					

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	M.N. Gunavardhanan	P.K. Vijayakumar	Adv. Ramachandran	Subrahmanyam K	
	Fee for attending board committee meetings	Rs.4,80,000/-	Rs. 2,40,000/-	Rs. 4,80,000/-	Rs. 2,40,000/-	Rs. 14,40,000/-
	Commission	Rs. 1,00,000/-	Rs. 1,00,000/-	NIL	Rs. 1,00,000/-	Rs. 3,00,000/-
	Others, please specify					
	Total (1)	Rs. 5,80,000/-	Rs. 3,40,000/-	Rs. 4,80,000/-	Rs.3,40,000/-	Rs. 17,40,000/-
2	Other Non-Executive Directors	B.N. Raveendra Babu	Jyothi Prasannan	V.P. Nandakumar		
	Fee for attending board committee meetings	Rs. 4,00,000/-	Rs. 2,40,000/-	NIL		Rs. 6,40,000/-
	Commission	NIL	Rs. 1,00,000/-	NIL		Rs. 1,00,000/-
	Others, please specify					
	Total (2)	Rs. 4,00,000/-	Rs. 3,40,000/-	NIL		Rs. 7,40,000/-

	Total (B)=(1+2)	Rs. 9,80,000/-	Rs. 6,80,000/-	Rs. 4,80,000/-	Rs. 3,40,000/-	Rs. 24,80,000/-
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	Mr. K. M. Rajesh	Anjurose Paulson	Shanto Paul	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,72,038	11,53,972	19,79,242	52,05,252 (Includes employer contribution to PF)
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	others, specify... Performance Bonus	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total	20,72,038	11,53,972	19,79,242	52,05,252

### XII. 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)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## **INDEPENDENT AUDITOR’S REPORT**

### **To The Members of Manappuram Insurance Brokers Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Manappuram Insurance Brokers Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the 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 Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Information Other than the Financial Statements and Auditor’s Report Thereon**

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors’ Report including the Annexures to Directors’ Report, but does not include the financial statements and our auditor’s report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management 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.

**Auditor’s Responsibility 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's 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 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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 Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

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- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar  
Partner

Place: Mumbai  
Date : May 07, 2020

Membership No.106388  
UDIN: 20106388AAAAAY4550

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF MANAPPURAM INSURANCE BROKERS LIMITED**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Manappuram Insurance Brokers Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

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## **Haskins & Sells LLP**

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 or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar  
Partner

Place: Mumbai  
Date : May 07, 2020

Membership No. 106388  
UDIN: 20106388AAAAAY4550

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF MANAPPURAM  
INSURANCE BROKERS LIMITED**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016") is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company did not have any unclaimed deposit.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

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- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where Dispute is Pending</b>	<b>Period to which the Amount Relates</b>	<b>Amount Involved (Rs.)</b>	<b>Amount Unpaid (Rs.)</b>
Income tax Act, 1961	Income-tax	Commissioner of Income-tax (Appeals)	2012-13	229,010	194,658

The Company has deposited Rs. 34,352/- with Income Tax Authority under protest.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

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**Haskins & Sells LLP**

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar  
Partner

Membership No. 106388  
UDIN: 20106388AAAAAY4550

Place: Mumbai  
Date : May 07, 2020

Manappuram Insurance Brokers Limited  
Balance Sheet as at March 31, 2020

(Rs. in thousands)

Particulars		Note No.	As at March 31, 2020	As at March 31, 2019
A	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment (Net)	4	2,273.88	2,966.75
	(b) Other Intangible assets (Net)	5	2,396.50	1,381.10
	(c) Intangible assets under development		875.00	425.00
	(d) Right to Use Assets	29	11,488.96	-
	(e) Other financial asset	6	2,539.54	2,471.11
	(f) Deferred tax assets (Net)	7	2,464.19	1,316.99
	(g) Other non-current assets	8	34.35	34.35
	<b>Total Non - Current Assets</b>		<b>22,072.42</b>	<b>8,595.30</b>
2	<b>Current assets</b>			
	(a) Financial Assets			
	(i) Trade receivables	9	15,576.30	25,678.80
	(ii) Cash and bank balances	10	4,845.56	4,203.47
	(iii) Bank balances other than (ii) above	10	49,419.31	42,524.07
	(iv) Other financial assets	6	3,648.65	810.78
	(b) Current tax assets (Net)	15	2,940.60	3,750.38
	(c) Other current assets	8	526.34	778.42
	<b>Total Current Assets</b>		<b>76,956.76</b>	<b>77,745.92</b>
	<b>Total Assets</b>		<b>99,029.18</b>	<b>86,341.22</b>
B	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	(a) Equity Share capital	11	15,700.00	15,700.00
	(b) Other Equity	12	54,987.75	49,940.44
	<b>Total Equity</b>		<b>70,687.75</b>	<b>65,640.44</b>
	<b>Liabilities</b>			
2	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	Borrowings	13	-	-
	(b) Provisions	14	4,993.59	899.96
	(c) Other non-current liabilities	17	12,275.47	578.90
	<b>Total Non - Current Liabilities</b>		<b>17,269.06</b>	<b>1,478.86</b>
3	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	Trade payables			
	- Total outstanding dues of Micro, Small and Medium Enterprises	16	-	-
	- Total outstanding dues of creditor's other than Micro, Small and Medium Enterprises	16	5,514.80	10,128.92
	Borrowings	13	-	-
	(b) Provisions	14	283.78	87.43
	(c) Current tax liabilities (Net)	15	-	1,176.88
	(d) Other current liabilities	17	5,273.79	7,828.69
	<b>Total Current Liabilities</b>		<b>11,072.37</b>	<b>19,221.92</b>
	<b>Total Equity and Liabilities</b>		<b>99,029.18</b>	<b>86,341.22</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Jayesh Parmar

Partner

Membership No. : 106388

V.P. Nandakumar

(Chairman)

DIN : 00044512

Jyothi Prasannan

(Director)

DIN : 00044371

K M Rajesh

(CEO & Principal Officer)

Shanto Paul

(Chief Financial Officer)

Anjurose Paulson

(Company Secretary)

Mumbai,  
Date: May 7, 2020

Valapad,  
Date: May 7, 2020

**Manappuram Insurance Brokers Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

(Rs. in thousands)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations	18	1,44,025.59	1,11,377.03
II Other Income	19	6,215.49	1,956.01
<b>III Total Revenue (I + II)</b>		<b>1,50,241.08</b>	<b>1,13,333.04</b>
IV Employee benefit expense	20	34,442.92	50,967.73
V Finance costs	21	1,514.32	1.57
VI Depreciation and amortisation expense	4,5 & 29	3,507.10	1,006.01
VII Other expenses	22	14,487.34	12,918.80
<b>VIII Total Expenses (IV+V+VI+VII)</b>		<b>53,951.68</b>	<b>64,894.11</b>
<b>IX Profit before tax (III - VIII)</b>		<b>96,289.40</b>	<b>48,438.93</b>
<b>Tax Expense</b>			
(1) Current tax	31	23,829.00	13,200.47
(2) Deferred tax	7 & 31	(834.37)	997.95
<b>X Total tax expense</b>		<b>22,994.63</b>	<b>14,198.42</b>
<b>XI Profit for the year (IX - X)</b>		<b>73,294.77</b>	<b>34,240.51</b>
<b>XII Other comprehensive income</b>			
<b>A</b> (i) Items that will not be recycled to profit or loss		(817.66)	52.33
(ii) Income tax relating to items that will not be reclassified to profit or loss		218.98	(14.56)
<b>B</b> (i) Items that may be reclassified to profit or loss		-	-
(ii) Income tax on items that may be reclassified to profit or loss		-	-
<b>XIII Total comprehensive income for the year</b>		<b>72,696.09</b>	<b>34,278.28</b>
<b>XIV Earnings per equity share:</b>			
(1) Basic	30	46.68	21.81
(2) Diluted	30	46.68	21.81

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**For and on behalf of the Board of Directors**

**Jayesh Parmar**  
Partner  
Membership No. : 106388

**V.P. Nandakumar**  
(Chairman)  
DIN : 00044512

**Jyothi Prasannan**  
(Director)  
DIN : 00044371

**K M Rajesh**  
(CEO & Principal Officer)

**Shanto Paul**  
(Chief Financial Officer)

**Anjurose Paulson**  
(Company Secretary)

Mumbai,  
Date: May 7, 2020

Valapad,  
Date: May 7, 2020

**Manappuram Insurance Brokers Limited**  
**Statement of Cash Flows as on March 31, 2020**

(Rs. in thousands)

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts towards brokerage (I)	1,54,128.09	96,581.53
Cash paid to suppliers and employees (II)	(62,792.04)	(55,567.51)
Cash generated from operations ( I - II )	91,336.05	41,014.02
Income taxes paid (net of refund)	(22,021.38)	(12,023.59)
Cash flow before extraordinary item	69,314.67	28,990.43
Extraordinary item	-	-
<b>Net cash flow from operating activities (A)</b>	<b>69,314.67</b>	<b>28,990.43</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment including Capital advances	(2,223.75)	(3,120.63)
Payments towards intangible assets under development	(875.00)	-
Bank balances not considered as cash and cash equivalents		
- Placed	(6,895.24)	(24,263.57)
- Matured	-	-
Interest Received	4,123.49	1,657.12
<b>Net cash used in investing activities (B)</b>	<b>(5,870.50)</b>	<b>(25,727.07)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interim Dividend paid	(50,240.00)	-
Dividend Distribution Tax paid	(10,328.70)	-
Payment towards Lease Liabilities	(2,233.38)	-
<b>Net cash used in financing activities (C)</b>	<b>(62,802.08)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>642.09</b>	<b>3,263.36</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,203.47</b>	<b>940.11</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,845.56</b>	<b>4,203.47</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents	<b>54,264.87</b>	<b>46,727.53</b>
Less: Bank balances not considered as Cash and cash equivalents as defined in Ind AS 7 Cash Flow Statements:		
(i) In other deposit accounts		
- original maturity more than 3 months	<b>49,419.31</b>	<b>42,524.07</b>
<b>Net Cash and cash equivalents (as defined in Ind AS 7 Cash Flow Statements)</b>	<b>4,845.56</b>	<b>4,203.47</b>

**Note:**

The above cash flow statement has been prepared as prescribed by the Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2018 (amended upto 30.10.2019) under the "Direct Method" as laid out in Indian Accounting Standard (Ind AS) - 7 on Statements of Cash flows as specified under the Companies Act, 2013

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018

**For and on behalf of the Board of Directors**

**Jayesh Parmar**

Partner

Membership No. : 106388

**V.P. Nandakumar**

(Chairman)

DIN : 00044512

**Jyothi Prasannan**

(Director)

DIN : 00044371

**K M Rajesh**

(CEO & Principal Officer)

**Shanto Paul**

(Chief Financial Officer)

**Anjurose Paulson**

(Company Secretary)

Mumbai,

Date: May 7, 2020

Valapad,

Date: May 7, 2020

**Manappuram Insurance Brokers Limited**  
**Statement of changes in Equity for the year ended March 31, 2020**

**Equity Share Capital for the year ended March 31, 2020**

**A. Equity share capital**

(Rs. in thousands)

Particulars	Amount
Balance at April 1, 2018	15,700.00
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>15,700.00</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2020</b>	<b>15,700.00</b>

**B. Other Equity**

(Rs. in thousands)

Particulars	Reserves and Surplus			Total
	Share Option Outstanding	General reserve	Retained earnings	
<b>Balance at April 1, 2018</b>	9,601.16	600.00	2,809.62	13,010.78
Profit for the year after income tax	-	-	34,240.51	34,240.51
Other comprehensive income for the year, net of income tax	-	-	37.77	37.77
Employee stock option expense (ESOP)	2,651.38	-	-	2,651.38
<b>Balance at March 31, 2019</b>	<b>12,252.54</b>	<b>600.00</b>	<b>37,087.90</b>	<b>49,940.44</b>
Profit for the year after income tax	-	-	73,294.77	73,294.77
Other comprehensive income for the year, net of income tax	-	-	(598.69)	(598.69)
Employee stock option expense (ESOP)	(6,832.63)	-	-	(6,832.63)
Adjustment for Lease Liability, net of taxes (Refer Note 29)	-	-	(247.44)	(247.44)
Interim Dividend (Refer Note 12)	-	-	(50,240.00)	(50,240.00)
Dividend Distribution Tax	-	-	(10,328.70)	(10,328.70)
<b>Balance at March 31, 2020</b>	<b>5,419.91</b>	<b>600.00</b>	<b>48,967.84</b>	<b>54,987.75</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**For and on behalf of the Board of Directors**

**Jayesh Parmar**  
Partner  
Membership No. : 106388

**V.P. Nandakumar**  
(Chairman)  
DIN : 00044512

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**K M Rajesh**  
(CEO & Principal Officer)

**Shanto Paul**  
(Chief Financial Officer)

**Anjurose Paulson**  
(Company Secretary)

Mumbai,  
Date: May 7, 2020

Valapad,  
Date: May 7, 2020

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Accounting Policies**

**Note No. 1: Corporate Information**

Manappuram Insurance Brokers Limited (the "Company") was incorporated on October 17, 2002 vide certificate of incorporation U66010KL2002PLC015699 issued by the Registrar of Companies, Kerala. The Company is an Insurance Regulatory and Development Authority of India ("IRDAI") registered Broker in the category "Direct" for Life and General Insurance Business. The Company has renewed its IRDAI Licence for a period of 3 years from November 2, 2018 to November 1, 2021.

**Note No. 2: Basis of preparation and presentation**

**a. Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS Rules').

**b. Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. 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.

**c. Functional and presentation currency**

The financial statements are presented in Indian Rupees which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**Note No. 3: Significant accounting policies**

**3.1. Use of estimates, judgments and assumptions**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

**3.2. Recognition of Income**

(i) The Company earns brokerage from Insurance Companies on insurance policies placement and revenue thereof is recognised from the risk start date when the policy placement is substantially completed and accepted thereby satisfying the performance obligation and the ultimate collection thereof is reasonably certain. Income is stated net of Goods and Service Tax ("GST").

(ii) Interest Income is accounted on accrual basis.

**3.3. Property, Plant and equipment (PPE)**

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciable amount for asset is the cost of an asset or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 and retaining 5% of original cost as residual value.

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets
Furniture and Fixtures	10
Plant and Equipment	3
Office Equipment	5

Computer software is amortised on straight line method from the date they are available for use, over the useful life of the asset (5 years), as estimated by the management.

All assets individually costing less than Rs. 5,000 are depreciated at 100%.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the Statement of Profit and Loss in the year in which the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 3.4. Intangible assets

Intangible assets comprising of computer softwares are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortized over the period of five years. The Intangible asset is amortised on a straight line from the date they are available for use over the useful life of the asset .

An intangible asset is derecognised on disposal, or when no future economic benefit are expected from use or disposal.

### 3.5. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. 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.

### 3.6. Leases

The Lease asset primarily consist of leases for office premises. The Company assesses whether a contract 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:

- (1) the contract involves the use of an identified asset
- (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes 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 low value leases.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized 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.

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. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value – in – use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost 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 in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 3.7. Retirement and other employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated Absences.

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Gratuity

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The Company has a funded scheme with LIC. The gratuity liability is calculated using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

#### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the Statement of Profit and Loss during the year.

### **Compensated absence**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### **3.8. Borrowing cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

### **3.9. Taxes**

Income tax expense comprises of current and deferred income tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

#### **i) Current Taxes**

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **ii) Deferred Taxes**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

### **3.10. Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares if any.

### **3.11. Provisions and other Contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement in other operating expenses.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

### **3.12. Cash and cash equivalent**

Cash and cash equivalents in the balance sheet comprise cash on hand and balances with other banks in current accounts. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **3.13. Cash flow statement**

Cash flows are reported using the direct method. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **3.14. Non Derivative Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### **Financial assets measured at amortised cost**

Financial assets are subsequently measured at amortised cost if both the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### **Financial assets measured at fair value through other comprehensive income**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ('FVTOCI'). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as gains/ (losses) within other income or other expense. Interest income from these financial assets is included in other income using the effective interest rate method.

#### **Financial Instrument measured at fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss as gains/(losses) within other income or other expense in the period in which it arises. Interest income from these financial assets is included in other income.

#### **De-recognition of financial assets**

A financial asset is derecognised only when the Company had transferred the rights to receive cash flows from the financial assets or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

#### **Financial liabilities**

The Company's financial liabilities comprise borrowings, trade payables and other liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the Statement of Profit and Loss.

The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

#### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are measured at the proceeds received net off direct issue cost.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are off set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Manappuram Insurance Brokers Limited  
Notes to the financial statements for the year ended March 31, 2020

Note No. 4: Property, Plant and Equipment

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying Amounts of :</b>		
Plant and Equipment	1,898.08	2,506.65
Office Equipment	199.23	262.22
Furniture and Fixtures	176.57	197.88
<b>TOTAL</b>	<b>2,273.88</b>	<b>2,966.75</b>

(Rs. in thousands)

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Total
<b>I. Gross Block</b>				
Balance as at April 1, 2019	3,677.82	313.09	234.59	4,225.50
Additions	81.00	-	-	81.00
Disposals	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>3,758.82</b>	<b>313.09</b>	<b>234.59</b>	<b>4,306.50</b>
<b>II. Accumulated depreciation and impairment for the year 2019-2020</b>				
Balance as at April 1, 2019	1,171.17	50.87	36.71	1,258.75
Depreciation expense for the year	689.57	62.99	21.31	773.87
Eliminated on disposal of assets	-	-	-	-
Impairment losses recognised/ (reversed) in profit or loss	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>1,860.74</b>	<b>113.86</b>	<b>58.02</b>	<b>2,032.62</b>
<b>Net block (I-II)</b>				
<b>Balance as on March 31, 2020</b>	<b>1,898.08</b>	<b>199.23</b>	<b>176.57</b>	<b>2,273.88</b>

(Rs. in thousands)

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Total
<b>I. Gross Block</b>				
Balance as at April 1, 2018	1,082.02	-	22.85	1,104.87
Additions	2,595.80	313.09	211.74	3,120.63
Disposals	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>3,677.82</b>	<b>313.09</b>	<b>234.59</b>	<b>4,225.50</b>
<b>II. Accumulated depreciation and impairment for the year 2018-2019</b>				
Balance as at April 1, 2018	469.51	-	12.91	482.42
Depreciation expense for the year	701.66	50.87	23.80	776.33
Eliminated on disposal of assets	-	-	-	-
Impairment losses recognised/ (reversed) in profit or loss	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>1,171.17</b>	<b>50.87</b>	<b>36.71</b>	<b>1,258.75</b>
<b>Net block (I-II)</b>				
<b>Balance as on March 31, 2019</b>	<b>2,506.65</b>	<b>262.22</b>	<b>197.88</b>	<b>2,966.75</b>

Note:

Depreciation on Property, Plant and Equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Refer Note 3.3 for Accounting Policy of Property, Plant and Equipment.

**Manappuram Insurance Brokers Limited**

Notes to the financial statements for the year ended March 31, 2020

**Note No. 5: Intangible Assets**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying Amounts of:</b>		
Computer Software	2,396.50	1,381.10
<b>TOTAL</b>	<b>2,396.50</b>	<b>1,381.10</b>

(Rs. in thousands)

Description of Assets	Computer Software	Total
<b>I. Intangible Assets</b>		
Balance as at April 1, 2019	2,550.95	2,550.95
Additions during the year	2,305.00	2,305.00
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>4,855.95</b>	<b>4,855.95</b>
<b>II. Accumulated depreciation and impairment for the year 2019-2020</b>		
Balance as at April 1, 2019	1,169.85	1,169.85
Amortisation expense for the year	1,289.60	1,289.60
Eliminated on disposal of assets	-	-
Impairment losses recognised/ (reversed) in profit or loss	-	-
<b>Balance as at March 31, 2020</b>	<b>2,459.45</b>	<b>2,459.45</b>
<b>Net block (I-II)</b>		
<b>Balance as on March 31, 2020</b>	<b>2,396.50</b>	<b>2,396.50</b>

(Rs. in thousands)

Description of Assets	Computer Software	Total
<b>I. Intangible Assets</b>		
Balance as at April 1, 2018	1,575.95	1,575.95
Additions during the year	975.00	975.00
Disposals	-	-
<b>Balance as at March 31, 2019</b>	<b>2,550.95</b>	<b>2,550.95</b>
<b>II. Accumulated depreciation and impairment for the year 2018-2019</b>		
Balance as at April 1, 2018	940.17	940.17
Amortisation expense for the year	229.68	229.68
Eliminated on disposal of assets	-	-
Impairment losses recognised/ (reversed) in profit or loss	-	-
<b>Balance as at March 31, 2019</b>	<b>1,169.85</b>	<b>1,169.85</b>
<b>Net block (I-II)</b>		
<b>Balance as on March 31, 2019</b>	<b>1,381.10</b>	<b>1,381.10</b>

Note:

Amortisation on intangible asset has been provided on the straight line method over the useful life of asset (5 years). Refer Note 3.4 for Accounting Policy of Intangible assets.

**Manappuram Insurance Brokers Limited**

**Notes to the financial statements for the year ended March 31, 2020**

**Note No. 6: Other Financial Assets**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial assets classified at amortised cost</b>		
<b>Non-Current Asset</b>		
<b>Security Deposits (Refer Note 28 and Refer note below)</b>		
- Secured, considered good	-	-
- Unsecured, considered good	2,539.54	2,471.11
- Doubtful	-	-
Less : Allowance for bad and doubtful deposits	-	-
<b>TOTAL</b>	<b>2,539.54</b>	<b>2,471.11</b>
<b>Current Assets</b>		
<b>(a) Security Deposits (Refer Note 28 and Refer note below)</b>		
- Secured, considered good	-	-
- Unsecured, considered good	40.00	30.00
- Doubtful	100.00	100.00
Less : Allowance for bad and doubtful deposits	(100.00)	(100.00)
Total (a)	40.00	30.00
<b>(b) Loans to employees</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	32.43
- Doubtful	-	-
Less : Allowance for bad and doubtful loans	-	-
Total (b)	-	32.43
<b>(c) Receivable for Sale of Property, Plant and Equipment</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	68.78	68.78
Less : Allowance for bad and doubtful receivables	(68.78)	(68.78)
Total (c)	-	-
<b>(d) Interest accrued on Deposits</b>	2,098.14	748.35
Total (d)	2,098.14	748.35
<b>(e) Other Receivables (Refer Note 26 and Note 28)</b>	1,510.51	-
Total (e)	1,510.51	-
<b>TOTAL (a+b+c+d+e)</b>	<b>3,648.65</b>	<b>810.78</b>

Notes:

1. For the financial assets that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are either of short term nature or interest receivable is close to current market rates.

2. Of the above Security Deposits, Deposits Payable to Staff amounts to Rs. 1257.72 thousand (Refer Note 17)

Manappuram Insurance Brokers Limited  
Notes to the financial statements for the year ended March 31, 2020

Note No: 7 Deferred Tax balances

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax Assets	2,464.19	1,316.99
<b>Deferred tax Assets(Net)</b>	<b>2,464.19</b>	<b>1,316.99</b>

(A) Movement of Deferred Tax

(Rs. in thousands)

Particulars	For the Year ended March 31, 2020			
	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax asset/</u> (liability)				
Property, Plant and Equipment	564.18	(230.00)	-	334.18
Employee Benefits	363.01	1,053.62	218.98	1,635.61
Provision for doubtful debts	389.80	(40.49)	-	349.31
Impact of Adjustment as per Ind AS 116	-	176.90	-	176.90
Impact of Change in Income Tax Rate	-	(125.66)	-	(125.66)
Opening Impact of Adjustment as per Ind AS 116	93.85	-	-	93.85
<b>Net Tax Asset (Liabilities)</b>	<b>1,410.84</b>	<b>834.37</b>	<b>218.98</b>	<b>2,464.19</b>

(Rs. in thousands)

Particulars	For the Year ended March 31, 2019			
	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax asset/</u> (liability)				
Property, Plant and Equipment	836.23	(272.05)	-	564.18
Employee Benefits	371.22	6.35	(14.56)	363.01
Provision for doubtful debts	356.52	33.28	-	389.80
<b>Net Tax Asset (Liabilities)</b>	<b>1,563.97</b>	<b>(232.42)</b>	<b>(14.56)</b>	<b>1,316.99</b>

**Manappuram Insurance Brokers Limited**

Notes to the financial statements for the year ended March 31, 2020

**Note No. 8: Other Assets**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-Current Asset</b>		
(a) Others assets		
(i) Deposit with Income Tax Authority under protest (Refer Note 24)	34.35	34.35
<b>TOTAL</b>	<b>34.35</b>	<b>34.35</b>
<b>Current Asset</b>		
(a) Prepaid Expenses	526.34	778.42
<b>TOTAL</b>	<b>526.34</b>	<b>778.42</b>

**Note No. 9: Trade receivables**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	15,576.30	25,678.80
(c) Doubtful	424.52	407.67
Less: Allowance for Expected Credit Losses	(424.52)	(407.67)
<b>TOTAL</b>	<b>15,576.30</b>	<b>25,678.80</b>

Notes:

1. Provision is made for all the trade receivables outstanding for more than 90 days.
2. Movement in the allowance for Expected Credit losses

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	407.67	369.38
On receivables originated during the year	542.99	38.29
Amounts recovered during the year	(526.14)	-
Balance at end of the year	<b>424.52</b>	<b>407.67</b>

**Manappuram Insurance Brokers Limited**

Notes to the financial statements for the year ended March 31, 2020

**Note No. 10: Cash and cash equivalents**

(Rs. in thousands)

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Current Cash and bank balances</b>		
<b>(i) Cash and cash equivalents</b>		
Cash in hand	2.47	4.81
In current accounts	4,843.09	198.66
Term deposits (original maturity < 3 months)	-	4,000.00
	<b>4,845.56</b>	<b>4,203.47</b>
<b>(ii) Other bank balances</b>		
Term deposits	47,424.06	40,654.85
Deposit marked as lien with Insurance Regulatory and Development Authority of India (IRDAI)	1,995.25	1,869.21
	<b>49,419.31</b>	<b>42,524.07</b>
<b>Cash and cash equivalent as per balance sheet</b>	<b>54,264.87</b>	<b>46,727.54</b>
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>4,845.56</b>	<b>4,203.47</b>

**Manappuram Insurance Brokers Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**Note No. 11: Equity Share Capital**

(Rs. in thousands)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
<b>Authorised:</b> Equity shares of Rs 10 each	30,00,000	30,000.00	30,00,000	30,000.00
<b>Issued, Subscribed and Fully Paid:</b> Equity shares of Rs 10 each	15,70,000	15,700.00	15,70,000	15,700.00
<b>TOTAL</b>	<b>15,70,000</b>	<b>15,700.00</b>	<b>15,70,000</b>	<b>15,700.00</b>

**(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	15,70,000	15,70,000
Fresh Issue	-	-
<b>Closing Balance</b>	<b>15,70,000</b>	<b>15,70,000</b>

**(ii) Rights, preferences and restrictions attaching to equity shares :**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Particulars	Number of Shares	
	As at March 31, 2020	As at March 31, 2019
Manappuram Finance Limited*	15,70,000	15,70,000

\* 6 equity shares (Previous year: 6 equity shares) are held by directors of the Company beneficiary being Manappuram Finance Limited.

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Manappuram Finance Limited*	15,70,000	100	15,70,000	100

\* 6 equity shares (Previous year: 6 equity shares) are held by directors of the Company beneficiary being Manappuram Finance Limited.

**Manappuram Insurance Brokers Limited****Notes to the financial statements for the year ended March 31, 2020****Note No. 12: Other equity****(Rs. in thousands)**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
General reserve	600.00	600.00
Retained earnings	48,967.84	37,087.90
Employee Stock Option Reserve (ESOP Reserve)	5,419.91	12,252.54
<b>TOTAL</b>	<b>54,987.75</b>	<b>49,940.44</b>

**(i) General reserve****(Rs. in thousands)**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Opening balance	600.00	600.00
<b>Balance as at the end of the year</b>	<b>600.00</b>	<b>600.00</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

**(ii) Retained Earnings****(Rs. in thousands)**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Balance as at the beginning of the year	37,087.90	2,809.62
Add: Transfer from Surplus in Statement of Profit and Loss	73,294.77	34,240.51
Less: Other Comprehensive Income for the year, net of income tax	(598.69)	37.77
Less: Adjustments for lease liability (Refer Note 29)	(247.44)	-
Less: Interim Dividend (Refer Note below)	(50,240.00)	-
Less: Dividend Distribution Tax	(10,328.70)	-
<b>Balance as at the end of the year</b>	<b>48,967.84</b>	<b>37,087.90</b>

**Note:** The Company has declared the interim dividend in the Board Meeting conducted on 13th March, 2020 of 320% at the rate of Rs. 32/- per Equity share of Rs. 10/- each amounting to Rs. 50,240 thousand during the financial year.

**(iii) Employee Stock Option Reserve (ESOP Reserve)****(Rs. in thousands)**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Opening balance	12,252.54	9,601.16
Add: Charge/(Reversal) for the year	(6,832.63)	2,651.38
<b>Balance as at the end of the year</b>	<b>5,419.91</b>	<b>12,252.54</b>

**Manappuram Insurance Brokers Limited**

Notes to the financial statements for the year ended March 31, 2020

**Note No. 13: Borrowings**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Measured at amortised cost</b>		
<b>Non Current</b>		
<b>Secured Borrowings:</b>		
Loan from related party	-	-
<b>Current</b>		
<b>Secured Borrowings:</b>		
Loan from related party	-	-
<b>Total Borrowings</b>	<b>-</b>	<b>-</b>

**Note No 14 : Provisions**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Provision for employee benefits		
Compensated absences	875.32	259.39
Gratuity	4,118.27	640.57
<b>TOTAL (A)</b>	<b>4,993.59</b>	<b>899.96</b>
<b>Current</b>		
Provision for employee benefits		
Compensated absences	283.78	87.43
Gratuity	-	-
<b>TOTAL (B)</b>	<b>283.78</b>	<b>87.43</b>
<b>TOTAL (A+B)</b>	<b>5,277.37</b>	<b>987.38</b>

Note:

The provision for employee benefits includes gratuity and compensated absences. The increase/decrease in the carrying amount of the provision for the current year is mainly on account of net impact of incremental charge for current year and benefits paid in the current year. For other disclosures, Refer Note No. 26.

**Manappuram Insurance Brokers Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**Note No 15 : Current Tax Asset and Liability**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current Tax Liabilities (Net)</b>		
Provision for taxation [Net of Advance tax: Nil (P.Y. Rs. 1,015 thousand)]	-	1,176.88
<b>TOTAL</b>	<b>-</b>	<b>1,176.88</b>
<b>Current Tax Assets (Net)</b>		
(a) Income taxes [Net of Provisions: Rs. 23,829 thousand (Previous Year: Nil)]		
Unsecured, considered good	2,940.60	3,750.38
Doubtful	794.51	794.51
Less: Allowance for bad and doubtful TDS Receivables	(794.51)	(794.51)
<b>TOTAL</b>	<b>2,940.60</b>	<b>3,750.38</b>

**Note No 16: Trade Payables**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note 23)	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5,514.80	10,128.92
<b>TOTAL</b>	<b>5,514.80</b>	<b>10,128.92</b>

**Note No 17: Other Liabilities**

(Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-Current Liabilities</b>		
Deposit Payable to Staff (Refer Note 6)	528.28	578.90
Lease Liability (Refer Note 29)	11,747.19	-
	<b>12,275.47</b>	<b>578.90</b>
<b>Current Liabilities</b>		
Deposit Payable to Staff (Refer Note 6)	729.45	510.39
Lease Liability (Refer Note 29)	804.06	-
Payable for Intangible asset	162.25	-
Statutory dues		
- Taxes payable (other than income taxes) and other statutory dues	3,578.03	7,318.30
	<b>5,273.79</b>	<b>7,828.69</b>
<b>TOTAL</b>	<b>17,549.26</b>	<b>8,407.59</b>

**Manappuram Insurance Brokers Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**Note No 18: Revenue from Operations**

(Rs. in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Commission Income (includes Rewards and Recognition)	1,44,025.59	1,11,377.03
<b>TOTAL</b>	<b>1,44,025.59</b>	<b>1,11,377.03</b>

**Note No 19: Other Income**

(Rs. in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on income tax refund	188.67	-
Interest income on financial assets at amortised cost- Fixed Deposits	5,931.45	1,952.76
Liabilities no longer required written back	95.37	3.25
<b>TOTAL</b>	<b>6,215.49</b>	<b>1,956.01</b>

**Manappuram Insurance Brokers Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**Note No 20: Employee Benefits Expense**

(Rs. in thousands)

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Salaries and wages	38,176.38	46,113.11
Contribution to provident and other funds	1,670.61	1,566.23
Gratuity (Refer Note 26)	1,428.56	637.01
Employee Stock Option Expense (Refer Note below)	(6,832.63)	2,651.38
<b>TOTAL</b>	<b>34,442.92</b>	<b>50,967.73</b>

Note:

The Company has reversed a charge of Rs. 6,832.63 thousand during the current year (Previous Year charge: Rs. 2,651.38 thousand) for Employee Stock Option Scheme of the group wherein certain employees of the Company are granted the options by Manappuram Finance Limited, the Holding Company, under Employee Benefit expense for the year ended March 31, 2020. The cost has been determined basis the communication from the Holding Company.

**Note No 21: Finance Cost**

(Rs. in thousands)

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Bank charges	3.55	1.57
Finance cost - Lease Liability (Refer Note 29)	1,510.77	-
<b>TOTAL</b>	<b>1,514.32</b>	<b>1.57</b>

**Manappuram Insurance Brokers Limited**

**Notes to the financial statements for the year ended March 31, 2020**

**Note No. 22: Other Expenses**

(Rs. in thousands)

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Repairs and maintenance	545.28	717.58
Rent including lease rentals	-	1,141.47
Rates and taxes	383.43	356.12
Directors Commission	400.00	400.00
Communication Expenses	1,121.14	533.63
Allowance for Expected Credit Loss	16.86	107.06
Licensing Fees	15.00	215.00
Sitting Fees Directors	2,080.00	1,640.00
Training Expenses	1,133.33	582.00
Payments to auditors (Refer note below)	1,541.30	1,421.15
Legal and other professional costs	1,360.08	1,155.85
Travelling Expenses	671.63	247.14
IT Support Costs	2,491.24	1,917.25
Other Support Services	1,075.47	1,054.76
Certification charges	13.40	102.65
Internal Audit Fees	762.50	550.00
Insurance Premium Paid	283.59	448.52
Annual Maintenance Charges	98.21	225.55
Miscellaneous Expenses	28.68	103.07
Write off of intangible assets under development and other receivables	466.20	-
<b>TOTAL</b>	<b>14,487.34</b>	<b>12,918.80</b>

Note:

Payments to the auditors comprise (net of GST input credit, where applicable):

(Rs. in thousands)

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>To statutory auditors:</b>		
For audit	574.75	632.50
For taxation matters	90.75	82.50
For other services	484.00	530.00
For certification charges	250.00	100.00
Reimbursement of expenses	141.80	76.15
<b>TOTAL</b>	<b>1,541.30</b>	<b>1,421.15</b>

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 23**

There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The disclosure regarding micro and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the statutory auditors.

**Note No. 24 : Contingent liabilities and commitments**

(Rs. in thousands)

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Income tax demand for AY 2012 - 13	229.01	229.01
<b>Total</b>	<b>229.01</b>	<b>229.01</b>

The Company has pending litigation arising out of matter relating to Income-tax and the Company has preferred an appeal against the same.

**Note No. 25 : Foreign currency transactions**

During the year ended March 31, 2020, the Company does not have any earnings (Previous Year: Nil) or expenditure (Previous Year: Nil) in foreign currency. As at the balance sheet date there are no foreign currency outstanding (Previous Year: Nil) that are hedged by any derivative instruments or otherwise.

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 26 : Employee benefits**

Employee benefits include provident fund, gratuity fund and compensated absences.

**(a) Defined Contribution Plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company has recognized Rs. 1,470.54 thousand (Previous Year: Rs. 1,277.50 thousand) for Provident Fund contributions and Rs. 102.23 thousand (Previous Year: Rs. 195.43 thousand) for Employee State Insurance Scheme contributions, included as a part of contribution to provident fund and other funds in Note 20 Employee Benefit Expenses.

**(b) Defined Benefit Plans:**

**Gratuity:**

The Company operates a gratuity plan covering qualifying employees. The plan provides for lump sum payment to vested employees at retirement, death, disability or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. The benefit vests upon completion of five years of continuous service except in case of death and disability and once vested it is payable to employees on retirement or on termination of employment. In case of death or disability, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

**Investment risk:**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

**Interest risk:**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially off set by an increase in the plan's assets.

**Longevity risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:**

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 26 : Employee benefits**

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
Discount rate	5.80%	6.90%
Salary increase rate	8.00%	8.00%
Expected Return on Plan Assets	6.90%	7.10%
Withdrawal (rate of employee turnover)	20.00%	20.00%

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(Rs. in thousands)

Particulars	Funded Plan	
	Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019
Service Cost:		
Current Service Cost	1,197.69	618.18
Past Service Cost	-	-
Net interest expense	230.87	18.83
Expense recognised in Statement of Profit and Loss	<b>1,428.56</b>	<b>637.01</b>
Remeasurement on the net defined benefit liability and Plan Assets:		
Return on plan assets (excluding amount included in net interest expense)	(73.99)	(35.31)
Actuarial gains and loss arising from changes in financial assumptions	(502.35)	(27.10)
Actuarial gains and loss arising from experience adjustments	(293.66)	114.74
Movement in Other Comprehensive Income	<b>(869.99)</b>	<b>52.33</b>
<b>TOTAL</b>	<b>558.57</b>	<b>689.34</b>

The current service cost and the net interest expenses for the year are included in the Employee benefits expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/asset is included in Other Comprehensive Income.

(Rs. in thousands)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Present value of funded defined benefit obligations	9,737.38	3,020.59
Fair value of plan assets	5,619.10	2,380.02
<b>Net liability arising from defined benefit obligation</b>	<b>4,118.27</b>	<b>640.57</b>

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 26 : Employee benefits**

Movements in the present value of the defined benefit obligation are as follows:

Particulars	(Rs. in thousands)	
	As at March 31, 2020	As at March 31, 2019
Opening defined benefit obligation	3,020.59	2,382.21
- Current service cost	1,197.69	618.18
- Past service cost	-	-
- Interest cost	506.07	169.14
<i>Remeasurement gains / (losses):</i>		
- Actuarial Gain (Loss) arising from:	-	-
i. Financial Assumptions	502.35	27.10
ii. Experience Adjustments	293.66	(114.74)
Benefit payments	(96.80)	(61.30)
Transfer In/(Out)*	4,313.82	-
<b>Closing defined benefit obligation</b>	<b>9,737.38</b>	<b>3,020.59</b>

Movements in the fair value of the plan assets are as follows:

Particulars	(Rs. in thousands)	
	As at March 31, 2020	As at March 31, 2019
Opening fair value of the plan assets	2,380.02	1,745.68
Interest income	275.20	150.30
<i>Remeasurement gains / (losses):</i>		
- Actuarial (Loss)/Gain from changes in financial assumptions	-	-
- Return on plan assets (excluding amounts included in net interest expense)	(73.99)	(35.31)
Contributions from the employer	1,382.65	580.65
Benefit payments	(96.80)	(61.30)
Transfer In/(Out)*	1,752.02	-
<b>Closing fair value of plan assets</b>	<b>5,619.10</b>	<b>2,380.02</b>

\*The difference between present value of obligation and Fair Value of Plan assets with respect to employees transferred from Manappuram Finance Limited, the Holding Company, has been shown as "Other Receivables" (Net) in Note No. 6.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using "Projected Unit Credit" method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in Balance Sheet.

The estimate of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

**Description of ALM Policy**

The Company deploys its investment assets in a smoothed return cash accumulation plan with an insurance company. Investment returns of the plan are not greatly sensitive to the changes in interest rates. The liabilities' duration is not matched by the assets' duration

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 26 : Employee benefits**

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the Company are funded by assets. The Company generally aims to maintain a fullfunding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle so that the funding gap would continue to be low. As on March 31, 2020 (March 31, 2019), the Company's expected contribution for next year will be Rs 4,000 thousand (Rs 500 thousand).

The sensitivity analysis of significant actuarial assumption as at the end of reporting period is shown below:

**Financial assumptions sensitivity analysis** (Rs. in thousands)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Discount rate</b>		
Discount rate - 100 basis points Assumptions	DBO increases by 0.50 4.80% p.a.	DBO increases by 0.15 5.90% p.a.
Discount rate + 100 basis points Assumptions	DBO decreases by 0.46 6.80% p.a.	DBO decreases by 0.14 7.90% p.a.
<b>Salary increase rate</b>		
Discount rate - 100 basis points Assumptions	DBO decreases by 0.46 7.00% p.a.	DBO decreases by 0.14 7.00% p.a.
Discount rate + 100 basis points Assumptions	DBO increases by 0.49 9.00% p.a.	DBO increases by 0.15 9.00% p.a.
<b>Withdrawal increase rate</b>		
Discount rate - 100 basis points Assumptions	DBO increases by 0.07 19.00% p.a.	DBO increases by 0.03 19.00% p.a.
Discount rate + 100 basis points Assumptions	DBO decreases by 0.62 21.00% p.a.	DBO decreases by 0.31 21.00% p.a.

**Plan Assets**

The plan assets are managed by is entrusted with the Life Insurance Corporations of India ("LIC"). The fair value of the plan assets at the end of the reporting period for each category, are as follow:

	As at March 31, 2020	As at March 31, 2019
Others - LIC managed fund*	5,619.10	2,380.02

\*The details of investment made by the Insurer is not readily available with the Company

**Maturity profile**

The weighted average expected remaining lifetime of the plan members is 4 years (Previous Year: 4 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 27 : Segment Reporting**

The Company is in the business of Insurance Broking in India, which in the context of Ind AS 108 'Operating Segments' constitutes a single reportable business segment.

**Note No. 28: Related Party Disclosures**

Relationship	Name of the party
(i) Holding Company	Manappuram Finance Limited
(ii) Key Management Personnel (KMP)	Mr. V.P. Nandakumar (Chairman) Mr. Sai Kamalakar (Chief Executive Officer and Principal officer) upto May 28, 2019. Mr. K. M. Rajesh (Principal Officer) w.e.f May 29, 2019 Mr. B. N. Raveendra Babu (Non-Executive Director) Mr. M. N. Gunavardhan (Non-Executive Director) Mr. V. R. Ramachandran (Non-Executive Director) Mr. P. K. Vijayakumar (Non-Executive Director) Mr. Kollimarla Subrahmanyam (Non-Executive Director) Ms. Jyothy Prasannan (Non-Executive Director)
(iii) Relatives of KMP	Mrs. Sumitha Jayasankar Mrs. Sushma Nandkumar Ms. Shelly Eklavyan
(iv) Entities in which KMP / Relatives of KMP can exercise significant influence	Manappuram Chits (India) Limited Manappuram Chits India Manappuram Comptech and Consultants Limited Manappuram Constructions and Properties Private Limited Manappuram Jewellers Limited Maben Nidhi Limited Manappuram Asset Finance Limited Manappuram Chits Fund Company Private Limited Manappuram Chits Fund Company (Karnataka) Private Limited Manappuram Health Care Limited Manappuram Agro Farm Limited Manappuram Foundation (Charitable Trust) Manappuram Travels

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 28: Related Party Disclosures**

**Related Party transactions during the year:**

(Rs. in thousands)

<b>Nature of Transaction</b>	<b>Relationship</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Income/Expenses:</b>			
<b>(i) Fees for technical and consultancy services</b>			
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	460.00	450.00
<b>(ii) Legal and Professional charges</b>			
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	900.00	900.00
<b>(iii) Rent expenses</b>			
Manappuram Finance Limited	Holding Company	2,233.38	1,141.47
<b>(iv) Electricity and maintenance charges</b>			
Manappuram Finance Limited	Holding Company	477.71	-
<b>(v) Managerial Remuneration</b>			
Mr. K M Rajesh	Key Managerial Personnel	1,773.55	-
Mr. Sai Kamalakar	Key Managerial Personnel	1,340.14	10,708.01
<b>(vi) Repairs and maintenance</b>			
Manappuram Finance Limited	Holding Company	-	357.70
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	105.00	-
<b>(vii) ESOP charges</b>			
Mr. K M Rajesh	Key Managerial Personnel	1,536.50	-
Mr. Sai Kamalakar	Key Managerial Personnel	-	1,551.35
<b>(viii) Travelling Expenses</b>			
Manappuram Travels	Entities in which KMP / relatives of KMP can exercise significant influence	400.35	-
<b>(ix) Training Expenses</b>			
Manappuram Finance Limited	Holding Company	509.26	-
<b>(x) Dividend</b>			
Manappuram Finance Limited	Holding Company	50,240.00	-
<b>(xi) Sitting fees</b>			
Mr. B. N. Raveendra Babu	Key Managerial Personnel	400.00	320.00
Mr. M. N. Gunavardhan	Key Managerial Personnel	480.00	440.00
Mr. V. R. Ramachandran	Key Managerial Personnel	480.00	440.00
Mr. P. K. Vijayakumar	Key Managerial Personnel	240.00	160.00
Mr. Kollimarla Subrahmanyam	Key Managerial Personnel	240.00	80.00
Ms. Jyothy Prasanna	Key Managerial Personnel	240.00	120.00
Mr. Sooraj Nandan	Key Managerial Personnel	-	80.00
<b>Assets/Liabilities:</b>			
<b>(i) Loans and Advances</b>			
Payment of Security deposits	Holding Company	-	1,034.62
<b>(ii) Intangible Assets Purchased</b>			
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	2,480.00	-

## Balances outstanding at the end of the year:

(Rs. in thousands)

Particulars	Relationship	(Rs. in thousands)	
		March 31, 2020	March 31, 2019
<b>Security deposits</b>			
Manappuram Finance Limited	Holding Company	1,034.62	1,034.62
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	-	100.00
<b>Other Current Assets</b>			
Manappuram Finance Limited*	Holding Company	2,561.80	-
<b>Trade payables</b>			
Manappuram Finance Limited*	Holding Company	1,051.29	-
Manappuram Comptech and Consultants Limited	Entities in which KMP / relatives of KMP can exercise significant influence	438.65	-
Mr. Sai Kamalakar	Key Managerial Personnel	-	5,362.92
Mr. K M Rajesh	Key Managerial Personnel	56.02	-
Mr. M. N. Gunavardhan	Key Managerial Personnel	100.00	100.00
Mr. P. K. Vijayakumar	Key Managerial Personnel	100.00	100.00
Mr. Kollimarla Subrahmanyam	Key Managerial Personnel	100.00	100.00
Ms. Jyothy Prasannan	Key Managerial Personnel	100.00	100.00
<b>TOTAL</b>		<b>5,542.39</b>	<b>6,897.54</b>

\*This amount has been netted off in the Balance Sheet. Please refer Note No. 6.

Notes:

1. In respect of the outstanding balances recoverable as at the year end, a allowance for bad and doubtful receivables has been created of Nil (Previous Year: Rs. 68.79 thousand) for receivable for sale of Property, Plant and Equipment from Manappuram Finance Limited.
2. During the year, there were no amounts written off and written back from the related parties.
3. Excludes the accrual of gratuity and compensated leaves as it is accrued for the Company as a whole.
4. During the year under review, all the transactions of the Company with related parties were in the ordinary course of business and at an arm's length.

**Manappuram Insurance Brokers Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**Note No. 29 : Lease arrangements**

**Transition**

Effective April 1, 2019, the Company has adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Parent Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our financial statements for year ended March 31, 2020.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 6,749.08 thousand and a lease liability of Rs. 7,090.35 thousand. The cumulative effect of applying the standard, amounting to Rs. 247.44 thousand was debited to retained earnings, net of taxes. The effect of this adoption is in significant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**The following is the summary of practical expedients elected on initial application:**

1. Applied the practical expedient to make the assessment of which transactions are leases. Accordingly for all contracts as on April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
2. Since the Company did not have any borrowings, the discount rate is taken as a lending rate for Parent Company. The rate used is 13.25%.

**Critical accounting judgements and key sources of estimation uncertainty**

**Critical judgements required in the application of Ind AS 116 may include, among others, the following:**

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;

**Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:**

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

**Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:**

(Rs. in thousands)	
Particulars	Amount
Balance as at 1st April, 2019	6,749.08
Additions	6,183.51
Deletions	-
Depreciation	1,443.62
Balance as at 31st March, 2020	11,488.96

**Amounts recognised in profit and loss**

(Rs. in thousands)	
Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets	1,443.62
Interest expense on lease liabilities	1,510.77

**Manappuram Insurance Brokers Limited****Notes to the financial statements for the year ended March 31, 2020****Note No. 29 : Lease arrangements****The following is the break-up of current and non-current lease liabilities as at March 31, 2020 (Rs. in thousands)**

Particulars	Amount
Current Lease Liabilities	804.06
Non-Current Lease Liabilities	11,747.19
<b>Total</b>	<b>12,551.25</b>

**The following is the movement in lease liabilities during the year ended March 31, 2020: (Rs. in thousands)**

Particulars	Amount
Balance as at 1st April, 2019	7,090.35
Additions	6,183.51
Deletions	-
Finance Cost accrued during the period	1,510.77
Payment of Lease Liabilities	2,233.38
<b>Balance as at March 31, 2020</b>	<b>12,551.25</b>

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:**

Particulars	Amount
Less than one year	2,286.28
One to Five years	11,995.97
More than Five years	6,001.66
<b>Total</b>	<b>20,283.92</b>

**Impact on Financial Statements**

On transition to Ind AS 116, the Company recognised Rs. 6,749.08 thousand of right of use asset and Rs. 7,090.35 thousand of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of Parent Company. The rate applied is 13.25 %.

A reconciliation of the lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

	(Rs. in thousands)
Operating lease commitments disclosed as at 31 March 2019	12,551.25
Discounting using the incremental borrowing rate at 1 April 2019	(5,460.90)
(Less): low-value leases recognized on a straight-line basis as expense	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
Add/(less): residual value guarantees	-
<b>Lease liabilities recognized as at 1 April 2019</b>	<b>7,090.35</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Manappuram Insurance Brokers Limited  
Notes to Financial Statements for the year ended March 31, 2020

Note No. 30 : Earnings per share

(Rs. in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit for calculation of basic and diluted Earnings Per Share	73,294.77	34,240.51
Weighted average number of equity shares in calculating basic and diluted Earnings Per Share (Nos.)	15,70,000	15,70,000
Basic Earnings Per Share (Rs.)	46.68	21.81
Diluted Earnings Per Share (Rs.)	46.68	21.81

Note No. 31 : Current Tax and Deferred Tax

(Rs. in thousands)

		For the year ended March 31, 2020	For the year ended March 31, 2019
31A	<b>Tax expense recognised in the Statement of Profit and Loss</b>		
	<b>Current tax</b>		
	In respect of current year	23,829.00	13,200.47
	<b>Total current tax</b>	<b>23,829.00</b>	<b>13,200.47</b>
	<b>Deferred tax</b>		
In respect of current year	(834.37)	997.95	
<b>Total deferred income tax (credit) / expense</b>	<b>(834.37)</b>	<b>997.95</b>	
	<b>Sub- Total (A)</b>	<b>22,994.63</b>	<b>14,198.42</b>
31B	<b>Income tax recognised in other comprehensive income</b>		
	<b>Deferred Tax</b>		
	Re-measurement of defined benefit obligation	218.98	14.56
	<b>Sub- Total (B)</b>	<b>218.98</b>	<b>14.56</b>
	<b>TOTAL</b>	<b>23,213.61</b>	<b>14,212.98</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rs. in thousands)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Profit before tax</b>	<b>96,289.40</b>	<b>48,438.93</b>
Income tax expenses calculated at 25.17% (previous year 27.82%)	24,236.04	13,475.71
<b>Differences due to:</b>		
Expenses not deductible for tax purposes	(896.78)	737.27
Effect of prior period deferred tax adjustments	(125.66)	-
<b>TOTAL</b>	<b>23,213.61</b>	<b>14,212.98</b>

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 32 : Risk management**

**32A Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders. The Company has no borrowings during the year. Also, the company maintains the capital as required under Regulation 19 of IRDAI (Insurance Brokers) Regulations, 2018 (amended upto 30.10.2019). As per the regulation the company needs to maintain minimum paid up capital of Rupees Seventy-Five lakh. Further, the Company has to maintain its minimum net worth as per the requirement of Regulation 22 of IRDAI (Insurance Brokers) Regulations, 2018 (amended upto 30.10.2019) at Rupees Fifty lakh.

(Rs. in thousands)	
Particulars	Amount
Share capital	15,700.00
Reserves and Surplus	54,987.75
<b>Total Net Worth</b>	<b>70,687.75</b>
<b>Minimum net worth requirement</b>	<b>5,000.00</b>

**32B Financial instruments**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income & expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are as disclosed in Note No. 3 to financial statements.

(Rs. in thousands)		
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial Assets</b>		
<b>Measured at amortised cost</b>		
Cash and cash equivalents	4,845.56	4,203.47
Trade receivable	15,576.30	25,678.80
Security Deposits	2,579.54	2,501.11
Fixed Deposit with Banks	49,419.31	42,524.07
Others	3,608.64	780.77
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
Trade payable	5,514.80	10,128.92
Employee Benefits payable	5,277.37	987.38

The management considers that the carrying amount of financials assets and financial liabilities recognised in the financial statement approximate their fair values.

**Manappuram Insurance Brokers Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**Note No. 33**

Please refer Annexure A, Annexure B and Annexure C for the disclosures required as per the Regulations 34 (6) of the Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2018 (amended upto 30.10.2019).

**Note No. 34 : New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2020, applicable to the Company.**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**Note No. 35 : Ceiling of business from Single Client**

As per Regulation 35 of Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2018 (amended upto 30.10.2019), "The business of the insurance broker shall be carried in such a manner that, not more than 50 percent of the remuneration shall emanate from any one client in a financial year." During the year ended March 2020, the Company has earned total revenue of Rs. 144,025.58 thousand out of which 58% of the business emanated from single customer leading to non-compliance with the aforesaid Regulation. The Company is in the process to submit an action plan to ensure compliance going forward with the said Regulation to the Insurance Regulatory and Development Authority of India.

**Note No. 36 : Additional Disclosure**

The coronavirus ("COVID-19") pandemic has resulted, and is likely to continue to result, in significant economic disruption and has adversely impacted the business of the entity. All the operations were shut down amid lockdown nationwide from March 23, 2020.

For preparation of financial statements, the company has used certain assumptions and estimates which to the belief of the company will not be impacted by COVID-19.

The management has, at the time of approving the financial statements, assessed the potential impact of the COVID-19 on the Company. Barring any future COVID-19 related escalations, based on the current assessment, the management is of the view that the operations of the Company especially revenue growth may be impacted. The carrying value of its assets and liabilities is not likely to be materially impacted.

**Going Concern**

The extent of the impact of the coronavirus ("COVID 19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions, and the impact of COVID-19 on the overall economy, all of which are highly uncertain and cannot be predicted. If the overall economy is impacted for an extended period, the Company's future operating results may be materially adversely affected.

The Company has considered the impact of COVID-19 and has made future projections along with projected cash flows on the basis of current scenario for evaluation the going concern assumption and believe that the assumptions is appropriate.

**For and on behalf of the Board of Directors****V.P. Nandakumar**

(Chairman)

DIN : 00044512

**Jyothi Prasannan**

(Director)

DIN : 00044371

**K.M.Rajesh**

(CEO &amp; Principal Officer)

**Shanto Paul**

(Chief Financial Officer)

**Anjurose Paulson**

(Company Secretary)

Valapad,

Date: May 7, 2020

## Annexure - A

## Insurance Company wise Brokerage/ Remuneration and Reward Income received during April 01, 2019 to March 31, 2020

(Rs. in thousands)			
Sr. No.	Name of the Insurer	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Aditya Birla Health Insurance Company Limited	1.41	27.93
2	Bajaj Life Insurance Company Limited	267.53	178.93
3	Bajaj Allianz General Insurance Company Limited	-	-
4	Bharti Axa General Insurance Company Limited	533.10	491.34
5	Bharti Axa Life Insurance Company Limited	19.82	1.10
6	Birla Sun Life Insurance Company Limited	2,416.81	2,503.95
7	Cholamandalam MS General Insurance Company Limited	0.34	5.32
8	Cigna TTK General Insurance Company Limited	2,251.62	2,071.88
9	DHFL Premarica Life Insurance Company Limited	1,679.57	26,669.78
10	Exide Life Insurance Company Limited	17,156.99	11,466.17
11	HDFC Standard Life Insurance Company Limited	10.96	1,598.86
12	ICICI Lombard General Insurance Company Limited	11,930.64	1,048.06
13	ICICI Prudential Life Insurance Company Limited	443.01	25,497.02
14	Iffco Tokio General Insurance Company Limited	66,520.52	48.50
15	Kotak Life Insurance Company Limited	151.15	325.83
16	Liberty Videocon Insurance Company Limited	288.79	14,121.96
17	Life Insurance Corporation of India Limited	13,962.73	307.47
18	Magma HDI General Insurance Company Limited	188.06	428.09
19	National Insurance Company Limited	1,361.60	66.97
20	New India Assurance Company Limited	129.28	1,198.69
21	Oriental Insurance Company Limited	19.75	54.39
22	Reliance General Insurance Company Limited	1,680.70	5,517.21
23	Reliance Life Insurance Company Limited	158.64	276.12
24	Religare Health Insurance Company Limited	740.06	29.43
25	Royal Sundaram General Insurance Company Limited	575.33	1.83
26	Shriram General Insurance Company Limited	25.72	612.21
27	Shriram Life Insurance Company Limited	-	14,520.80
28	Star Health Insurance Company Limited	1,152.65	731.83
29	United India Insurance Company Limited	19,607.43	1,575.35
30	HDFC ERGO General Insurance Company Limited	238.14	-
31	Max Life Insurance Company Limited	513.24	-
	<b>TOTAL</b>	<b>1,44,025.59</b>	<b>1,11,377.03</b>

**Annexure - B**

During the year there were no payments received from Insurers Group Companies

**Note:**

The group companies of insurers considered for the Annexure are based on the confirmations circulated by the Company and the declarations received from them. As per the records of the Company, Rs. Nil (Previous Year : Nil) has been received from any group Companies of Insurers. This has been relied upon by the auditors.

**Annexure - C**

Details of payments received by the group companies/ associates/ related parties of the insurance broker from Insurers

(Rs. in thousands)

Sr. No.	Name of the Group company/ associate/ related party	Nature of Payment	Name of the Insurer from which the payment has received	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Manappuram Agro Farms Limited	Claim	United India Insurance Company Limited	168.00	44.00
			The New India Assurance Company Limited	92.00	-
2	Manappuram Asset Finance Limited	Claim	The New India Assurance Company Limited	-	300.50
3	Manappuram Foundation	Claim	United India Insurance Company Limited	-	44.85
		Claim	The New India Assurance Company Limited	-	-
4	Manappuram Health Care Limited	Reimbursement of Health care expenses	Reliance General Insurance Company Limited	-	-
	Manappuram Constructions and Properties Private Limited	Medical Reimbursement	United India Insurance Company Limited	-	-
5	Manappuram Travels	Claim	Liberty General Insurance Limited	-	-
6	Manappuram Jewellers Limited	Claim	Oriental Insurance Company Limited	-	6,711.92
			United India Insurance Company Limited	-	-
8	Asirvad Micro Finance Limited	Claim	Bajaj Allianz Life Insurance Company Limited	60,997.00	1,05,100.00
		Claim	Bharti AXA General Insurance Company Limited	-	2,000.00
		Claim	Pramerica Life Insurance Co. Ltd.	1,53,450.00	70,647.50
		Claim	Future Generali Insurance Company Limited	-	830.00
		Claim	ICICI Pru Life Insurance Company Limited	1,95,156.50	927.50
		Claim	Kotak Life Insurance Company Limited	2,000.00	500.00
		Claim	Life Insurance Co Ltd	-	1,935.00
		Claim	Star Health Insurance Company Limited	526.74	1,551.18
			Max Life Insurance Co. Ltd.	2,400.00	-
			HDFC Ergo General Insurance Company Ltd.	4,000.00	-
			HDFC Life Insurance Co. Ltd	2,280.00	-
			ICICI Lombard General Insurance Company Limited	50.00	-
		Claim	United India Insurance Company Limited	-	98.31
9	Manappuram Finance Limited	Claim	HDFC Ergo General Insurance Company Limited	-	65,945.67
		Claim	United India Insurance Company Limited	23,296.85	-
		Claim	Oriental Insurance Company Limited	3,900.39	6,627.09
10	Manappuram Home Finance Limited	Claim	ICICI Lombard General Insurance Company Limited	-	8.64
		Claim	Birla Sunlife Insurance Company Limited	-	12,469.32
11	Mr. V.P. Nandakumar	Refund on Property Insurance	SBI General Insurance Company Limited	-	-
		Refund Amount received on Lapsed Insurance Policy	Life Insurance Corporation of India	-	-
12	Mr. Vijayakumar Menon	Annuity Plan	ICICI Prudential Life Insurance Company Limited	-	-
13	Mr. M.N. Gunavardhanan	Annuity Plan	Life Insurance Corporation of India	-	-
14	Adv. Ramachandran	Motor accident claim amount	Reliance General Insurance Company Limited	-	-

As per Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, "Group" means: two or more individuals, association of individuals, firms, trusts, trustees or bodies corporate, or any combination thereof, which exercises, or is established to be in a position to exercise, significant influence and / or control, directly or indirectly, over any associate as defined in Indian Accounting Standard (Ind AS), body corporate, firm or trust, or use of common brand names, Associated persons, as may be stipulated by the Authority, from time to time, by issuance of guidelines under these regulations

Explanation: Use of common brand names in conjunction with other parameters of significant influence and / or control, whether direct or indirect shall be reckoned for determination for inclusion as forming part of the group or otherwise.

# THANK YOU



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