Mahindra FINANCE

# MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Mahindra and Mahindra Financial Services Limited ("**Company**") was incorporated at Mumbai as Maxi Motors Financial Services Limited on January 1, 1991 as a public limited company under the Companies Act, 1956, as amended, with registration no. 11-059642 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992. Our Company is registered as a deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. For further details, see the section titled "***History, Main Objects and Key Agreements***" on page 108 of this Draft Shelf Prospectus. The Corporate Identification Number of our Company is L65921MH1991PLC059642.

**Registered Office**: Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra
**Tel:** +91 22 2289 5500; **Fax**: +91 22 2287 5485
**Corporate Office**: 4th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra
**Tel**: +91 22 6652 6000; **Fax**: +91 22 2495 3608
**Company Secretary and Compliance Officer**: Ms. Arnavaz M. Pardiwalla; **Tel**: +91 6652 6017; **Fax**: +91 2495 3608
**E-mail**: investorhelpline_mmfsl@mahindra.com; **Website**: www.mahindrafinance.com

**PUBLIC ISSUE BY MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 1,000 (INDIAN RUPEES ONE THOUSAND) EACH ("SECURED NCDS") AND/ OR UNSECURED, SUBORDINATED, REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 1,000 (INDIAN RUPEES ONE THOUSAND) EACH ("UNSECURED NCDS") FOR AN AMOUNT UPTO RS. 1,00,00,00,00,000 (INDIAN RUPEES TEN THOUSAND CRORES) ("SHELF LIMIT") ("ISSUE"). THE UNSECURED NCDS WILL BE ELIGIBLE FOR TIER II CAPITAL. THE NCDS WILL BE ISSUED IN ONE OR MORE TRANCHES UP TO THE SHELF LIMIT, ON TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH A "TRANCHE ISSUE"), WHICH SHOULD BE READ TOGETHER WITH THIS DRAFT SHELF PROSPECTUS AND THE SHELF PROSPECTUS (COLLECTIVELY THE "OFFER DOCUMENT"). THE SECURED NCDS AND/ OR UNSECURED NCDS ARE TOGETHER HEREINAFTER REFERRED AS "DEBENTURES / NCDS".**
**THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED AND TO THE EXTENT NOTIFIED.**

## PROMOTER

Our promoter is Mahindra & Mahindra Limited. For further details refer to the chapter "***Our Promoter***" on page 132 of this Draft Shelf Prospectus.

## GENERAL RISKS

For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the sections titled "**Risk Factors**" on page 17 of this Draft Shelf Prospectus and "**Material Developments**" in the Shelf Prospectus and the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Draft Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India.

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Shelf Prospectus read together with Shelf Prospectus and relevant Tranche Prospectus for a Tranche Issue does contain and will contain all information with regard to the Issuer and the relevant Tranche Issue, which is material in the context of the Issue. The information contained in this Draft Shelf Prospectus read together with Shelf Prospectus and relevant Tranche Prospectus for a Tranche Issue is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For the details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amout & Eligible Investors of the NCDs, see section titled "***Terms of the Issue***" on page 209 of this Draft Shelf Prospectus.

## CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'CARE AAA (Triple A);Stable' for an amount of ₹ 10,000 crores, by Credit Analysis & Research Ltd. ("**CARE**") vide their letter dated September 29, 2018 and revalidated by revalidation letter dated October 31, 2018 and 'IND AAA; Stable' for an amount of ₹ 10,000 crores, by India Ratings and Research Private Limited ("**India Ratings**") vide their letter dated October 3, 2018 and revalidated by revalidation letter dated November 2, 2018. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rating letter and rationale for these ratings, see Annexure A and B of this Draft Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

## LISTING

The NCDs offered through this Draft Shelf Prospectus along with relevant Tranches are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has received an 'in-principle' approval from the BSE *vide* their letter no. [●] dated [●]. For the purpose of the Issue BSE shall be the Designated Stock Exchange.

## PUBLIC COMMENTS

This Draft Shelf Prospectus dated November 5, 2018 has been filed with BSE, the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m.) from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange. All comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail.

## LEAD MANAGERS TO THE ISSUE

Edelweiss Ideas create, values protect | a.k. BUILDING BONDS | AXIS BANK | ICICI Securities

**EDELWEISS FINANCIAL SERVICES LIMITED**
Edelweiss House
Off CST Road, Kalina, Mumbai 400 098
Maharashtra, India
**Tel:** +91 22 4086 3535
**Fax:** +91 22 4086 3610
**Email:** mmfsl@edelweissfin.com
**Investor Grievance Email:**
customerservice.mb@edelweissfin.com
**Website:** www.edelweissfin.com
**Contact Person:** Mr. Lokesh Singhi / Mr. Mandeep Singh
**SEBI Registration No.:** INM0000010650

**A. K. CAPITAL SERVICES LIMITED**
30-39 Free Press House, 3rd Floor,
Free Press Journal Marg, 215, Nariman
Point, Mumbai 400021
**Tel:** +91 22 6754 6500
**Fax:** +91 22 6610 0594
**Email:** mmfslncd2018@akgroup.co.in
**Investor Grievance Email**:
investor.grievance@akgroup.co.in
**Website:** www.akgroup.co.in
**Contact Person:** Ms. Shilpa Pandey/ Mr Malay Shah
**SEBI Registration No**.: INM000010411

**AXIS BANK LIMITED**
Axis House, 8th Floor, C-2,
Wadia International Centre,
P.B. Marg, Worli, Mumbai, 400025
**Tel:** +91 22 6604 3293
**Fax**: +91 22 2425 2800
**Email:** mmfsl.nov2018@axisbank.com
**Investor Grievance Email:**
investor.grievance@ axisbank.com
**Website:** www.axisbank.com
**Contact Person:** Mr. Vikas Shinde/ Mr. Sharad Sawant
**SEBI Registration No.:** INM000006104

**ICICI SECURITIES LIMITED**
ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai, 400020
**Tel:** +91 22 2288 2460
**Fax:** +91 22 2282 6580
**Email:** mmfslncd2018@icicisecurities.com
**Investor Grievance Email:**
customercare@icicisecurities.com
**Website:** www.icicisecurities.com
**Contact Person:** Mr. Arjun Mehrotra/ Mr. Rishi Tiwari
**SEBI Registration No.:** INM000011179

## LEAD MANAGERS TO THE ISSUE | DEBENTURE TRUSTEE | REGISTRAR TO THE ISSUE

SBI Capital Markets Limited | TRUST | YES SECURITIES | AXIS TRUSTEE | KARVY Computershare

**SBI CAPITAL MARKETS LIMITED**
202, Maker Tower'E',Cuffe Parade,
Mumbai 400 005, Maharashtra, India
**Tel:** +91 22 2217 8300
**Fax:** +91 22 2218 8332
**Email:** mmfsl2018@sbicaps.com
**Investor Grievance e-mail**:
investor.relations@sbicaps.com
**Website:** www.sbicaps.com
**Contact Person:** Navneet Kalra
**SEBI Registration Number:**
INM000003531

**TRUST INVESTMENT ADVISORS PRIVATE LIMITED**
109/110, Balarama, Bandra Kurla
Complex, Bandra (E), Mumbai 400 051
**Tel:** +91 22 4084 5000
**Fax:** +91 22 4084 5007
**Email:** mbd.trust@trustgroup.in
**Investor Grievance email:**
customercare@trustgroup.in
**Website:** www.trustgroup.in
**Contact Person:** Ms. Hani Jalan
**SEBI Registration No.:** INM000011120

**YES SECURITIES (INDIA) LIMITED**
IFC, Tower 1 & 2, Unit no. 602 A, 6th
Floor, Senapati Bapat Marg, Elphinstone
Road, Mumbai – 400 013
**Tel:** +91 22 3012 6919
**Fax:** +91 22 2421 4508
**E-mail:**
mmfslncd2018@yessecuritiesltd.in
**Investor Grievance e-mail:**
igc@yessecuritiesltd.in
**Website:** www.yesinvest.in
**Contact Person:** Mukesh Garg/ Pratik Pednekar
**SEBI Registration Number:**
MB/INM000012227

**AXIS TRUSTEE SERVICES LIMITED***
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Mumbai 400 025
**Tel:** +91 22 6226 0074/75
**Fax:** +91 22 4325 3000
**Email:** debenturetrustee@axistrustee.com
**Investor Grievance Email:**
debenturetrustee@axistrustee.com
**Website:** www.axistrustee.com
**Contact Person:** Mr. Devraj Rao
**SEBI Registration Number:** IND000000494
**CIN:** U74999MH2008PLC18226

**KARVY COMPUTERSHARE PRIVATE LIMITED**
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda,
Gachibowli,
Hyderabad – 500 032
**Tel:** +91 4067162222
**Fax:** +91 4023001153
**Email:** einward.ris@karvy.com
**Investor Grievance Email:**
mahindrafinance.ncdipo2@karvy.com
**Website:** www.karisma.karvy.com
**Contact Person:** Mr. M Murali Krishna
**SEBI Registration Number:**
INR000000221
**CIN:** U74140TG2003PTC041636

## ISSUE PROGRAMME**

**ISSUE OPENS ON:** As specified in the relevant Tranche Prospectus | **ISSUE CLOSES ON:** As specified in the relevant Tranche Prospectus

**Axis Trustee Services Limited under regulation 4(4) of SEBI Debt Regulations has by its letter dated 31 August 2018 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue.*

*A copy of the Shelf Prospectus and relevant Tranche Prospectus shall be filed with the Registrar of Companies, Maharashtra, Mumbai in terms of section 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the section titled "**Material Contracts and Documents for Inspection**" on page 251 of this Draft Shelf Prospectus.*

***The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Director of our Company ("**Board**") or Bond Issue Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE*

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## SECTION I-GENERAL

## DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to "**the Issuer**", "**our Company**", "**the Company**" or "**M&MFSL**" or "**MMFSL**" or "**Mahindra Finance**" or are to Mahindra & Mahindra Financial Services Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to "we" or "us" or "our" are to our Company and its Subsidiaries and its Joint Venture, on a consolidated basis.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Shelf Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

**Company related terms**

| Term | Description |
|---|---|
| Articles/ Articles of Association/AoA | Articles of Association of our Company, as amended. |
| Board/ Board of Directors | Board of Directors of our Company or a duly constituted committee thereof. |
| Bond Issue Committee | The committee constituted by our Board of Directors by a board resolution dated November 29, 2016 |
| Consortium (each individually, a member of the Consortium) | The Lead Managers and Consortium Members |
| Consortium Agreement | As specified in the relevant Tranche Prospectus for each Tranche Issue. |
| Consortium Members | As specified in the relevant Tranche Prospectus for each Tranche Issue. |
| Corporate Office | 4th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra |
| Director | Director of our Company, unless otherwise specified |
| Equity Shares | Equity shares of our Company of face value of ₹ 2 each. |
| Joint Venture | The joint venture of our Company, Mahindra Finance USA LLC. |
| Limited Review Financials / Limited Review Financial Results | The unaudited standalone financial results of the Company for the half year ended 30 September 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations. |
| MAMCPL | Our subsidiary, Mahindra Asset Management Company Private Limited |
| MIBL | Our subsidiary, Mahindra Insurance Brokers Limited |
| MRHFL | Our subsidiary, Mahindra Rural Housing Finance Limited |
| MTCPL | Our subsidiary, Mahindra Trustee Company Private Limited |
| Memorandum/ Memorandum of Association/ MoA | Memorandum of Association of our Company, as amended. |
| Preference Shares | Preference shares of our Company of face value of ₹ 100 each. |
| Reformatted Consolidated Financial Informastion | The statement of reformatted consolidated summary statement of assets and liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the reformatted consolidated summary statement of profit and loss and the reformatted consolidated summary statement of cash flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the summary of significant accounting policies as examined by our Company's Statutory Auditors, B S R & Co. LLP, Chartered Accountants.<br><br>Our audited consolidated financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 form the basis for such Reformatted Consolidated Financial Information. |

| Term | Description |
|---|---|
| Reformatted Standalone Financial Information | The statement of reformatted standalone summary statement of assets and liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the reformatted standalone summary statement of profit and loss and the reformatted standalone summary statement of cash flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the summary of significant accounting policies as examined by our Company's Statutory Auditors, B S R & Co. LLP, Chartered Accountants<br><br>Our audited standalone financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 form the basis for such Reformatted Standalone Financial Information. |
| Reformatted Financial Information | Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information. |
| Registered Office | Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra. |
| RoC | Registrar of Companies, Maharashtra, Mumbai. |
| Statutory Auditors/Auditors | B S R & Co. LLP, Chartered Accountants. |
| Subsidiaries | The subsidiaries of our Company, as mentioned in the section titled "***Our Subsidiaries***" on page 110 of this Draft Shelf Prospectus. |

**Issue related terms**

| Term | Description |
|---|---|
| Allotment/ Allot/ Allotted | Unless the context otherwise requires, the issue and allotment of the NCDs pursuant to the Issue to the successful Allottees. |
| Allotment Advice | The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment. |
| Allottee(s) | The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue. |
| Applicant/ Investor/ ASBA Applicant | A person who applies for the issuance and Allotment of NCDs through ASBA process pursuant to the terms of this Draft Shelf Prospectus, Shelf Prospectus, relevant Tranche Prospectus and Abridged Prospectus and the Application Form for any Tranche Issue. |
| Application/ASBA Applciation | An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Draft Shelf Prospectus. |
| Application Amount | The aggregate value of the NCDs applied for, as indicated in the Application Form for the respective Tranche Issue. |
| Application Form | The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA process, in terms of the Shelf Prospectus and respective Tranche Prospectus. |
| "ASBA" or "Application Supported by Blocked Amount" or "ASBA Application" or "Application" | The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB. |
| ASBA Account | An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant. |
| ASBA Circular | Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018. |
| Axis | Axis Bank Limited. |
| A.K./ A.K. Capital | A. K. Capital Services Limited. |
| Banker(s) to the Issue | Collectively the Public Issue Account Banks and Refund Bank(s). |
| Base Issue Size | As specified in the relevant Tranche Prospectus for each Tranche Issue. |
| Basis of Allotment | As specified in the relevant Tranche Prospectus for each Tranche Issue. |

| Term | Description |
|---|---|
| Bidding Centres | Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Consortium Members, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs. |
| Broker Centres | Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange. |
| BWR/ Brickwork | Brickwork Ratings India Private Limited. |
| BSE | BSE Limited. |
| CARE | Credit Analysis & Research Limited. |
| Category I Investor | • Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;<br>• Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;<br>• Mutual Funds registered with SEBI;<br>• ResidentVenture Capital Funds/ Alternative Investment Fund registered with SEBI, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;<br>• Insurance Companies registered with IRDA;<br>• State industrial development corporations;<br>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;<br>• Insurance funds set up and managed by the Department of Posts, the Union of India;<br>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; and<br>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India. |
| Category II Investor | • Companies within the meaning of section 2(20) of the Companies Act, 2013;<br>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;<br>• Co-operative banks and regional rural banks;<br>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;<br>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;<br>• Partnership firms in the name of the partners;<br>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);<br>• Association of Persons; and<br>• Any other incorporated and/ or unincorporated body of persons. |
| Category III Investor | High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lakhs across all series of NCDs in Issue. |
| Category IV Investor | Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lakhs across all series of NCDs in Issue. |

| Term | Description |
|---|---|
| CDP/ Collecting Depository Participant | A depository participant as defined under the Depositories Act, 1996 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations. |
| Credit Rating Agencies | For the present Issue, the credit rating agencies, being CARE and India Ratings. |
| Client ID | Client identification number maintained with one of the Depositories in relation to the demat account. |
| CRISIL | CRISIL Limited. |
| CRISIL Industry Report(s) | CRISIL Research on Retail Finance – Auto dated November 2, 2018, CRISIL Research on Retail Finance – Housing dated November 2, 2018, CRISIL Research on Retail Finance – Cars and Utility Vehicles dated November 2, 2018 and CRISIL Research on Retail Finance – Tractors dated November 2, 2018. |
| Debenture Holder (s) / NCD Holder(s) | The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law. |
| Debenture Trustee Agreement | The agreement dated November 2, 2018 entered into between the Debenture Trustee and our Company. |
| Debenture Trust Deed(s) | The Secure Debenture Trust Deed and/or Unsecured Debenture Trust Deed to be entered into between the Debenture Trustee and the Company which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements. |
| Debenture Trustee/ Trustee | Debenture Trustee for the Debentureholders, in this Issue being Axis Trustee Services Limited. |
| Debt Application Circular(s) | Circular no. CIR/IMD/DF – 1/20/ 2012 issued by SEBI on July 27, 2012 and Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018. |
| Deemed Date of Allotment | The date on which the Board of Directors or the Bond Issue Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors or the duly constituted committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debentureholders from the Deemed Date of Allotment. |
| Demographic Details | The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository(ies) | National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL). |
| DP / Depository Participant | A depository participant as defined under the Depositories Act. |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or at such other website as may be prescribed by SEBI from time to time. |
| Designated CDP Locations | Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchange (www.bseindia.com and www.nseindia.com) as updated from time to time. |
| Designated Date | The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement. |

| Term | Description |
|---|---|
| Designated Intermediary(ies) | Collectively, the Lead Managers, the Consortium Members, sub-brokers, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue. |
| Designated RTA Locations | Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchange. |
| Designated Stock Exchange | BSE. |
| Direct Online Application | The Application made using the online interface and online payment facility of the Stock Exchange, as applicable. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. |
| Draft Shelf Prospectus | This Draft Shelf Prospectus dated November 5, 2018, filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance the Regulation 6(2) of the SEBI Debt Regulations and to SEBI for record purpose. |
| Edelweiss | Edelweiss Financial Services Limited. |
| ICICI | ICICI Securities Limited. |
| India Ratings | India Ratings and Research Private Limited. |
| Interest Payment Date/Coupon Payment Date | Interest Payment Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue. |
| Issue | Public issue by Mahindra & Mahindra Financial Services Limited of secured redeemable non-convertible debentures of face value of Rs. 1,000 (Indian Rupees One Thousand) each ("**Secured NCDs**") and/ or unsecured, subordinated, redeemable non-convertible debentures of face value of Rs. 1,000 (Indian Rupees One Thousand) each ("**Unsecured NCDs**") for an amount upto Rs. 1,00,00,00,00,000 (Indian Rupees Ten Thousand Crores). |
| Issue Agreement | The Issue Agreement dated November 5, 2018 entered between the Company and the Lead Managers. |
| Issue Closing Date | As specified in the relevant Tranche Prospectus for the relevant Tranche Issue. |
| Issue Opening Date | As specified in the relevant Tranche Prospectus for the relevant Tranche Issue. |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms. |
| Lead Managers/ LMs | Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Bank Limited, ICICI Securities Limited, SBI Capital Markets Limited, Trust Investment Advisors Private Limited, YES Securities (India) Limited. |
| Market Lot | 1 NCD. |
| NCDs | Secured and/or Unsecured subordinated, redeemable, non convertible debentures of face value of ₹1,000 each. |
| Offer Document | This Draft Shelf Prospectus, Shelf Prospectus, relevant Tranche Prospectus and Abridged Prospectus. |
| OCB or Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue. |
| Public Issue Account | Account(s) opened with the Bankers to the Issue to receive monies from the ASBA Accounts on the Designated Date. |
| Public Issue Account Bank | As specified in the relevant Tranche Prospectus. |
| Public Issue Account Agreement | As specified in the relevant Tranche Prospectus. |

| Term | Description |
|---|---|
| Record Date | 15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In the event the Record Date falls on a Sunday or holidays of Depositories, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as Record Date. |
| Redemption Amount | As specified in the relevant Tranche Prospectus. |
| Redemption Date | The date on which our Company is liable to redeem the NCDs in full as specified in the relevant Tranche Prospectus. |
| Refund Account | The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made (excluding all Application Amounts received from ASBA Applicants). |
| Refund Bank | As specified in the relevant Tranche Prospectus. |
| Register of Debentureholders | The Register of Debentureholders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and as more particularly detailed in the section titled "***Terms of the Issue – Register of NCD Holders***" on page 214 of this Draft Shelf Prospectus. |
| Registrar to the Issue/ Registrar | Karvy Computershare Private Limited. |
| Registrar Agreement | Agreement dated November 5, 2018 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| Registered Brokers or Brokers | Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Consortium Members and eligible to procure Applications from Applicants. |
| SBICAP | SBI Capital Markets Limited. |
| Series | As specified in the relevant Tranche Prospectus. |
| Secured NCDs | Secured Redeemable Non-Convertible Debentures of face value of ₹1,000/- each. |
| Secured Debenture Holder (s) /Secured NCD Holder(s) | The holders of the Secured NCDs whose name appears in the database of the Depository and/or the register of Secured NCD Holders (if any) maintained by our Company if required under applicable law. |
| Secured Debenture Trust Deed | The trust deed to be entered between the Debenture Trustee and the Company which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon issued pursuant to the Issue. |
| Self Certified Syndicate Banks or SCSBs | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or at such other website as may be prescribed by SEBI from time to time. |
| Shelf Limit | The aggregate limit of the Issue, being ₹ 1,00,00,00,00,000 to be issued under this Draft Shelf Prospectus, Shelf Prospectus through one or more Tranche Issues. |
| Shelf Prospectus | The Shelf Prospectus that shall be filed by our Company with the SEBI, BSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations. |
| Simplified Listing Agreement | The Listing Agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the debt and equity securities of our Company. |

| Term | Description |
|---|---|
| Specified Cities/Speciifed Locations | Bidding Centres where the Member of the Consortium shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time. |
| Stock Exchange | BSE Limited. |
| Subordinated Debt | Subordinated Debt means a fully paid up instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder:<br><br>Remaining maturity of the instruments and rate of discount<br>(a) up to one year 100%<br>(b) more than one year but up to two years 80%<br>(c) more than two years but up to three years 60%<br>(d) more than three years but up to four years 40%<br>(e) more than four years but up to five years 20%<br>to the extent such discounted value does not exceed fifty per cent of Tier I capital. |
| Syndicate | Collectively, the Consortium Members, Lead Managers and sub-brokers appointed in relation to the Issue. |
| Syndicate Bidding Centres | Syndicate Bidding Centers established for acceptance of Application Forms. |
| Syndicate ASBA Application Locations | ASBA Applications through the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange or the Designated Intermediaries. |
| Syndicate SCSB Branches | In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time. |
| Tier I capital | Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year. |

| Term | Description |
|---|---|
| Tier II capital | Tier-II capital includes the following:<br>(a) preference shares other than those which are compulsorily convertible into equity;<br>(b) revaluation reserves at discounted rate of 55%;<br>(c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;<br>(d) hybrid debt capital instruments;<br>(e) subordinated debt; and<br>(f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital,<br>to the extent the aggregate does not exceed Tier-I capital. |
| Tenor | Tenor shall mean the tenor of the NCDs as specified in the relevant Tranche Prospectus. |
| Transaction Registration Slip or TRS or Acknowledgement Slip | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Appication Form. |
| Trading Members | Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange. |
| Tranche Issue | Issue of the NCDs pursuant to the respective Tranche Prospectus. |
| Tranche Prospectus | The Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection, in respect of the relevant Tranche Issue. |
| Tripartite Agreements | Tripartite agreement dated December 5, 2005 among our Company, the Registrar and CDSL and tripartite agreement dated December 16, 2005 among our Company, the Registrar and NSDL. |
| Trust | Trust Investment Advisors Private Limited. |
| Unsecured Debenture Trust Deed | The trust deed to be entered between the Debenture Trustee and the Company which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for the benefites of timely payment of interest and principal. |
| Unsecured NCDs | NCDs offered under this Issue which are listed, rated, subordinated, redeemable, non-convertible debentures and are not secured by any charge on the assets of Issuer and which will be eligible for Tier II capital. |
| Unsecured Debenture Holder (s) / Unsecured NCD Holder(s) | The holders of the Unsecured NCDs whose name appears in the database of the Depository and/or the register of Unsecured NCD Holders (if any) maintained by our Company if required under applicable law. |
| Working Day(s)/ Business Day(s) | Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall be all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai. |
| YES / YES Securities | YES Securities (India) Limited |

**Conventional and general terms or abbreviation**

| Term/Abbreviation | Description/ Full Form |
|---|---|
| ₹ or Rupees or ₹ or Indian Rupees or INR or Rs. | The lawful currency of India |
| ACH | Automated Clearing House |
| AGM | Annual General Meeting |
| AS | Accounting Standards issued by Institute of Chartered Accountants of India |
| ASBA | Application Supported by Blocked Amount |
| Billion | 100,00,00,000 (One hundred crores) |
| Crore | 1,00,00,000 (One hundred lakhs) |
| CDSL | Central Depository Services (India) Limited |
| CEIC | Census Economic Information Centre |
| Companies Act | Companies Act, 1956 and Companies Act, 2013, as applicable |
| Companies Act, 1956 | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder |
| Companies Act 2013 | Companies Act, 2013, as amended and, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this Draft Shel Prospectus, along with the relevant rules made thereunder |
| CRAR | Capital to Risk-Weighted Assets Ratio |
| CSR | Corporate Social Responsibility |
| ECS | Electronic Clearing Scheme |
| ESOP | Employee Stock Option Scheme |
| Depositories Act | Depositories Act, 1996, as amended read with regulations framed thereunder |
| Depository(ies) | CDSL and NSDL |
| DIN | Director Identification Number |
| DP/ Depository Participant | Depository Participant as defined under the Depositories Act, 1996 |
| DP ID | Depository Participant's Identity Number |
| DRR | Debenture Redemption Reserve |
| FDI | Foreign Direct Investment |
| FDI Policy | The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time |
| FEMA | Foreign Exchange Management Act, 1999, as amended |
| Financial Year / FY/ Fiscal/Fiscal Year | Period of 12 months ended March 31 of that particular year |
| FIR | First Information Report |
| GDP | Gross Domestic Product |
| GoI or Government | Government of India |
| GST | Goods and Services Tax |
| HNI | High Networth Individual |
| HUF | Hindu Undivided Family |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| IMF | International Monetary Fund |
| Income Tax Act | Income Tax Act, 1961 |
| India | Republic of India |
| Indian GAAP | Generally Accepted Accounting Principles followed in India |
| IRDA | Insurance Regulatory and Development Authority |
| IT | Information Technology |

| Term/Abbreviation | Description/ Full Form |
|---|---|
| LIBOR | London Inter-Bank Offered Rate |
| MCA | Ministry of Corporate Affairs, GoI |
| Million | 10,00,000 (Ten lakhs) |
| MoF | Ministry of Finance, GoI |
| NBFC | Non Banking Financial Company, as defined under applicable RBI guidelines |
| NACH | National Automated Clearing House |
| NEFT | National Electronic Fund Transfer |
| N.I. Act | Negotiable Instruments Act, 1881, as amended |
| NRI or deNon-Resident | A person resident outside India, as defined under the FEMA |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| p.a. | Per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 as amended |
| RTGS | Real Time Gross Settlement |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI Debt Regulations | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended |
| SEBI LODR Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |

**Business/ Industry related terms**

| Term/Abbreviation | Description/ Full Form |
|---|---|
| ALCO | Asset Liability Management Committee. |
| AUM | Asset Under Management (Loans & Advances) |
| AMC | Asset Management Company |
| ECBs | External Commercial Borrowing. |
| FCNR | Foreign Currency Non-Resident. |
| HFC | Housing Financing Company. |
| IFC | Infrastructure Finance Company. |
| IRDA | Insurance Regulatory and Development Authority. |
| ISO | International Organization for Standardization. |
| LIC | Life Insurance Corporation of India |
| LTV | Loan to value ratio |
| MICR | Magnetic Ink Character Recognition. |
| MoU | Memorandum of Understanding. |
| NHB | National Housing Board. |
| NPAs | Non-Performing Assets. |
| RBI | Reserve Bank of India. |
| UTIuti | Unit Trust of India. |
| WCDL | Working Capital Demand Loan. |
| XIRR | Internal rate of return for irregular cash flows. |
| Yield | Ratio of interest income to the daily average of interest earning assets. |

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled "***Capital Structure***", "***Regulations and Policies***", "***History, Main Objects and Key Agreements***", "***Statement of Tax Benefits***", "***Our Management***", "***Financial Indebtedness***", "***Outstanding Litigation and Defaults***" and "***Issue Procedure***" on pages 48, 185, 108, 59, 114, 147, 173 and 221, respectively will have the meanings ascribed to them in such sections.

## CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references in this Draft Shelf Prospectus to "**India**" are to the Republic of India and its territories and possessions.

### Presentation of Financial Information

Our Company publishes its financial statements in Rupees. Our Company's financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with General Circular 8/2014 dated April 4, 2014. With effect from 1 April 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated 18 January 2016, for financial reporting purposes, the Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 ("**Ind AS**").

The Reformatted Standalone Financial Information and the Reformatted Consolidated Financial Information s are included in this Draft Shelf Prospectus and collectively referred to hereinafter as the "**Reformatted Financial Information**". The examination reports on the Reformatted Financial Information as issued by our Company's Statutory Auditor, B S R & Co. LLP, Chartered Accountants, are included in this Draft Shelf Prospectus in the section titled "***Financial Statements***" beginning at page 142 of this Draft Shelf Prospectus.

The unaudited standalone financial results of the Company for the half year ended 30 September 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations ("**Limited Review Financial Results**") are included in this Draft Shelf Prospectus in the section titled "***Financial Statements***" beginning at page 142 of this Draft Shelf Prospectus.

Unless stated otherwise, the financial data used in this Draft Shelf Prospectus is derived from our Company's audited financial statements as at and for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and / or regulatory requirements.

Unless stated otherwise, the financial data used in this Draft Shelf Prospectus as at and for the half year ended September 30, 2018 prepared in accordance with Ind AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and / or regulatory requirements.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Shelf Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Shelf Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Self Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

The extent to which the market and industry data used in this Draft Shelf Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. We have relied on the CRISIL Industry Report for industry related data that has been disclosed in this Draft Shelf Prospectus. Accordingly, no investment decision should be

made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in ***"Internal Risk Factor no. 47 – We have relied on third party industry reports which have been used for industry related data in this Draft Shelf Prospectus and such data have not been independently verified by us"*** on page no. 33 of this Draft Shelf Prospectus.

While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

**Currency and Unit of Presentation**

In this Draft Shelf Prospectus, references to "**₹**", "**Indian Rupees**", "**INR**", "`", "**Rs.**" and "**Rupees**" are to the legal currency of India, references to "**US$**", "**USD**", and "**U.S. dollars**" are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of this Draft Shelf Prospectus, data will be given in ₹ in lakhs.

Except where stated otherwise in this Draft Shelf Prospectus, all figures have been expressed in '₹ in lakhs.

Certain figures contained in this Draft Shelf Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

India has decided to adopt the "Convergence of its existing standards with IFRS" referred to as the "Indian Accounting Standards" or "Ind AS". In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with Ind AS for accounting periods beginning on April 1, 2018. Accordingly, our financial statements for the half year ending on September 30, 2018 prepared under Ind AS, may not be comparable.

There are significant differences between Indian GAAP and Ind AS. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

**Industry and Market Data**

Any industry and market data used in this Draft Shelf Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CRISIL, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Shelf Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

**Exchange Rates**

The exchange rates (in ₹) of the USD as for last 5 years are provided below:

| Currency | September 30, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 |
|---|---|---|---|---|---|---|
| USD | 72.55 | 65.17 | 64.84 | 66.33 | 62.59 | 60.10 |

*In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.*

*Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.*

In this Draft Shelf Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Shelf Prospectus that are not historical facts. All statements contained in this Draft Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements" and are not forecasts or projections relating to our Company's financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Company borrows from banks/financial institution;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition from our existing as well as new competitors;
- change in the government regulations;
- availability of adequate debt and equity financing at commercially acceptable terms;
- performance of the Indian debt and equity markets;
- demand for our products and services;
- performance of the new and pre-owned vehicles industry;
- OEM and employee relationships;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Draft Shelf Prospectus, including under the section titled "***Risk Factors***" on page 17 of this Draft Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled ***"Our Business"*** and ***"Outstanding Litigations and Defaults"*** on pages 87 and 173 respectively of this Draft Shelf Prospectus. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Draft Shelf Prospectus, our Company cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and its officers, nor any of their respective affiliates or associates, Lead Managers nor any of its Directors and its officers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Draft Shelf Prospectus with the ROC and the date of the Allotment.

## SECTION II-RISK FACTORS

*Prospective investors should carefully consider all the information in this Draft Shelf Prospectus, including the risks and uncertainties described below, and under the section titled "**Our Business**" on page 87 and under "**Financial Statements**" on page 142 of this Draft Shelf Prospectus respectively, before making an investment in the NCDs. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business prospects, results of operations and financial condition. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of and the value of your investment in the NCDs could decline and you may lose all or part of your redemption amounts and/ or interest amounts. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. The order of the risk factors appearing hereunder is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Unless the context requires otherwise, the risk factors described below apply to us / our operations only.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in the below risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another. Unless the context requires otherwise, the risk factors described below apply to us / our operations only. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved. All the finanicl information included in this section is as per Reformatted Financial Information as prepared under Indian GAAP.*

*In this section, unless the context otherwise requires, a reference to "our Company", is a reference to Mahindra & Mahindra Financial Services Limited on a standalone basis and references to "we", "us", and "our" are to our Company, Subsidiaries and Joint Venture on consolidated basis. Unless otherwise specifically stated in this section, financial information included in this section have been derived from our Reformatted Financial Information and Limited Review Financial Results.*

### INTERNAL RISKS

1. ***Any disruption in our sources of funding could adversely affect our liquidity and financial condition.***

   The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including shareholder funding, securitized and assigned receivables, secured and unsecured loans, including rupee-denominated term loans and cash credit facilities from banks and financial institutions, secured and unsecured non-convertible debentures, unsecured subordinated bonds, commercial paper, fixed deposits and inter-corporate deposits. For further details, see "***Financial Indebtedness***" on page 147. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoter in our Company, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. For example, recent regulatory developments have affected NBFCs' access to select funding sources and have affected their costs of borrowings including through funding from banks and securitization and assignment transactions. See "*Risk Factor - Priority sector lending requirements adhered to by scheduled commercial banks may increase our cost of funding and adversely affect our business, results of operations and financial condition.*". Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

2. ***Any adverse developments in the industries we operate in, including the new and pre-owned vehicle financing industry could adversely affect our business and results of operations.***

   The Company is primarily engaged in providing financing for new auto and utility vehicles, tractors, cars and

commercial vehicles, and for pre-owned vehicles to customers in rural and semi-urban markets. For half-year ended September 30, 2018 and the financial years 2018, 2017 and 2016, the estimated total value of assets financed by our Company was ₹ 21,19,430 lakhs, ₹ 37,77,290 lakhs, ₹ 31,65,914 lakhs and ₹ 26,70,632 lakhs, respectively, our Company's revenue from operations was ₹4,02,910.59 lakhs, ₹7,14,710.23 lakhs, ₹6,17,391.06 lakhs and ₹5,85,316.11 lakhs, respectively and total profit after tax for the period was ₹ 65,044.36 lakhs, ₹ 89,188.43 lakhs, ₹40,023.49 lakhs and ₹ 67,259.60 lakhs, respectively. Our subsidiaries MRHFL, MIBL and MAMCPL operate in the housing finance, insurance distribution and asset management industries, respectively. Our asset portfolios include, and will likely continue to include, a high concentration of financing arrangements for vehicles in rural and semi-urban markets. The success of our business thus depends on various factors that affect demand for such vehicles, including the demand for transportation services in India, the housing and the insurance market in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, natural disasters, calamities, fuel prices and other macroeconomic conditions in India and globally. Moreover, demand for such vehicles from our customers who are individuals or small enterprises that typically have less financial wherewithal than corporate borrowers or fleet owners or demand for rural housing, is more likely to be adversely affected by these factors. This may result in a decline in the sales or value of new and pre-owned vehicles. Such factors may also affect the business of our customers, which in turn will affect their ability to perform their obligations under the existing financing agreements. Any decline in sales of, or in demand for financing for, utility vehicles, tractors, cars or commercial vehicles or non-performance of the existing financing agreements could adversely affect our business and results of operations.

3. ***Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.***

We provide loans primarily to customers residing in rural and semi-urban markets. Our primary competitors have been private unorganized lenders who typically operate in rural and semi-urban markets and, increasingly, banks and NBFCs who have entered these markets. In addition to these private unorganized lenders, due to the significant growth in vehicle financing, we have recently begun to face competition from banks, NBFCs and housing finance companies, some of which may have superior technology, more resources, access to cheaper funding, have expanded their reach to rural and semi-urban markets and may have a better understanding of and relationships with customers in these markets. In addition, interest rate de-regulation and other liberalization measures affecting the vehicle financing sector, together with increased demand for capital, have resulted in increased competition.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we lend to our customers. Our ability to secure low-cost funding has been impacted significantly by recent regulatory developments. Please refer to this "***Risk Factors***" chapter for further details and specifics impacting our ability to compete effectively. In light of this pressure, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business.

We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance industry. Increasing competition may adversely affect our net interest margins, income and market share.

4. ***The risk of non-payment or default by borrowers may adversely affect our financial condition and results of operations.***

We are one of the leading NBFCs in the rural and semi-urban markets of India and cater primarily to customers without formal credit histories and which typically have less financial wherewithal and may be particularly susceptible to adverse economic conditions. As of September 30, 2018, our total loan assets were ₹ 55,48,158.27 lakhs and we expect that the size of our loan assets will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults. This may also increase our NPAs. Our Company's Gross NPAs were ₹ 4,04,229.92 lakhs, or 7.4% of our total assets as of March 31, 2018. Our Company's provision on NPAs was ₹ 2,07,166.58 lakhs as of March 31, 2018. As of March 31, 2018, our Company classified loans as non-performing after being three months past due. The Company started reporting financials on Ind AS basis from April 1, 2018. The Stage-3 assets as on September

30, 2018 was ₹ 5,63,885.84 lakhs and provisions corresponding to Stage -3 assets stood at ₹ 1,96,717.69 lakhs.

The borrowers and their guarantors under our loan agreements may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, increase in operating costs, business failure or poor agricultural production. Besides macroeconomic conditions, we face risks specific to each line of business, which may also result in increased defaults. In addition, our customers often do not have credit histories supported by tax returns and other documents that would enable us to assess their creditworthiness, and we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. This segment of customers also has limited access to other financing sources and is located in the rural and semi-urban markets. It may therefore be difficult to carry out precise credit risk analyses on all of our customers.

Although we follow certain procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we typically rely on a system of referrals from the local community and the value of the vehicle provided as underlying collateral rather than focusing solely on the credit profile of our customers. We had unsecured loans outstanding (comprising, of long-term and short-term portion of other loans and advances (including overdue loans), inter-corporate deposits, bills of exchange, trade advances and excludes unamortised prepaid expenses, discounting charges, arrangement & placement fees and group gratuity receivable) aggregating to ₹ 4,24,241.82 lakhs as of September 30, 2018.

Further, the Government has by the Finance Act, 2017 introduced Section 269(ST) to the Income Tax Act, which restricts cash transactions above ₹ 2,00,000 and also sets out penalties for the violation of this section. Cash has historically been a preferred mode of payment for many of our customers and may continue to be in the future. Due to the introduction of such restrictions, our collections may be affected until our customers start making repayments through banking channels. Consequently, non-payment or default by borrowers could adversely affect our financial condition and results of operations.

5. ***If our Company's provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.***

We adhere to provisioning requirements related to our loan assets pursuant to the Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**"). Our Company's Stage 3 assets were ₹ 5,63,885.84 lakhs, or 9.19% of our total assets as of September 30, 2018. Our Company's Gross NPAs were ₹ 4,04,229.92 lakhs, or 7.4 % of our total assets as of March 31, 2018, as compared to ₹ 3,53,414.54 lakhs, or 7.7% of our total assets as of March 31, 2017. Our Company's provision on NPAs was ₹ 2,07,166.58 lakhs as of March 31, 2018, as compared to ₹ 1,93,446.63 lakhs as of March 31, 2017. Further, our Company had very high NPA ratios as of March 31, 2017. Although, we undertook measures to address such issues, we cannot assure you that we will be able to improve our collections and recoveries in relation to our NPAs, or adequately control our level of NPAs in the future.

Though our own existing provisioning norms are more stringent than prescribed by the RBI, our provisioning requirements may be inadequate to cover increases in non-performing loans. For details relating to RBI provisioning norms, see "***Our Business – Asset Quality***" on page 96**.** If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.

6. ***Our Company, our Subsidiaries and Promoter are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.***

Our Company, our Subsidiaries and our Promoter are contesting certain legal proceedings at various courts, including certain civil, criminal and taxation cases that have been filed against our Company, Subsidiaries and Promoter respectively. For further details of the material legal proceedings that we are subject to, please

see sections titled ***"Outstanding Litigations and Defaults"*** on page 173. Any adverse decision in any of these cases may adversely affect our business and financial condition. We cannot assure that the outcome of these legal proceedings will be favourable. Such litigation could consume our financial resources in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

7. ***As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions.***

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. In its past inspection reports, the RBI has, among other things, identified deficiencies in our operations such as our Company has had high NPA and slippage ratios; certain loan agreements with our customers did not contain the rate of interest to be charged; we did not provide certain communications in vernacular language; the purpose of personal loans was not mentioned in certain documents; and we had not analyzed the repayment capacity of borrowers in certain instances. While we have responded to such observations and addressed them, we cannot assure you that the RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

8. ***We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.***

A significant component of our revenue is the interest income we receive from the loans we disburse, which comprised ₹ 7,77,274.07 lakhs of our total revenue of ₹ 8,57,349.67 lakhs for the financial year 2018.

Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities. In addition, the value of any interest rate hedging instruments we may enter into in the future would be affected by changes in interest rates, which could adversely affect our ability to hedge against interest rate volatility. We cannot assure that we will continue to enter into such interest rate hedging instruments or that we will be able to enter into the correct amount of such instruments to adequately hedge against interest rate volatility in the future.

Further, pursuant to our loan agreements with customers, we lend money on fixed interest rate basis, typically without including a provision that interest rates due under our loan agreements will increase if interest rates in the market increase. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

9. ***Our inability to recover the full value of collateral or amounts outstanding under defaulted loans in a timely manner or at all could adversely affect our results of operations.***

For each vehicle financing arrangement, we sanction an amount of credit that is less than the value of the vehicle which we take as collateral. We regulate this amount through our restrictions on the loan to value ("**LTV**") ratio of each financing. We take other collateral such as houses as collateral against the credit that we extend in our housing finance business. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including depreciation and deterioration. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral. While we require borrowers to secure a guarantee on the basis of their profile, we may not be able to enforce or collect the amount owed under such guarantee, if at all.

We may also encounter difficulties in repossessing and liquidating collateral. When a customer defaults under a financing facility, we typically re-possess and then sell the collateral through an auction. There is no assurance, however, that we will be able to successfully repossess the collateral in the event of default under a loan agreement. We may also not be able to sell the collateral at a price sufficient to cover the amount owed under the financing facility, or at all. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our results of operations and financial condition.

10. ***Priority sector lending requirements adhered to by scheduled commercial banks may increase our cost of funding and adversely affect our business, results of operations and financial condition.***

Pursuant to the RBI master circular dated July 1, 2015, scheduled commercial banks operating in India are required to maintain 40% of their adjusted net bank credit or credit equivalent of their off balance sheet exposure, whichever is higher, as priority sector advances. Foreign banks with 20 or more branches in India are required to achieve 40% priority sector lending within a maximum period of five years commencing from April 1, 2013 and ending on March 31, 2018 in a phased manner i.e. 32% by the financial year 2016, 34% by the financial year 2017, 36% by the financial year 2018, 38% by the financial year 2019 and 40% by the financial year 2020. These include loans to the agriculture, micro and small enterprises, low-income housing projects, off-grid renewable energy, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. Commercial banks in the past have relied on specialized institutions, including microfinance institutions and other financing companies including NBFCs, to provide them with access to qualifying advances through lending programs and loan assignments, which may lead to more competition for us and may adversely affect our business and results of operations.

Any such changes in priority sector guidelines by RBI may adversely affect our business and operations. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

As a result of these recent developments, our access to funds and the cost of our capital has been adversely affected and to the extent we are unable to secure replacement funding at similar cost or at all, our results of operations would be adversely affected.

11. ***We may be unsuccessful in expanding into new lines of business and implement our new business strategies, which could adversely affect our business and prospects.***

We continue to pursue opportunities to expand into new lines of business. For example, to complement our existing mutual fund distribution business, we incorporated an asset management company and during the financial year 2016, we obtained a certificate of registration as a registered mutual fund from SEBI. However, our growth strategies may require new regulatory approvals and strain our resources. Moreover, neither we, nor our Promoter have significant operational experience in the mutual fund sector. We may also pursue new business strategies in the future such as opening new offices, increasing our presence in rural centres and introduce new products and services. Pursuing such business opportunities will require significant capital,

which we may not be able to raise in a timely manner, or at all. We cannot assure you that we will be successful in expanding these new lines of business, which could adversely affect our business, operations and profitability.

12. ***Our vehicle financing business relies on the purchase of M&M vehicles, including tractors, any decline in the sale or quality of which could adversely affect our business and results of operations.***

For the half-year ended September 30, 2018 and the financial year 2018, 40.47 % and 44.37% of our estimated total value of assets financed were provided to purchasers of M&M vehicles, including tractors, respectively. We also finance the purchase of construction equipment manufactured by M&M. Consequently, our business depends on the success of the distribution and marketing network and brand equity of M&M, particularly in rural and semi-urban markets. Customers may also delay or default on their payments due to us on account of technical failures of their vehicles or equipment because they associate these failures with M&M and, in turn, with us. M&M's inability to maintain and expand its own distribution network or increase its sales; continue to anticipate and respond effectively to challenges posed by the Indian vehicle industry, particularly in rural and semi-urban markets, or any decline in sale of rural models in M&M portfolio could adversely affect our business and results of operations.

13. ***We may experience difficulties in expanding our business into new regions and markets in India and abroad.***

As part of our growth strategy, we continue to evaluate opportunities to expand our business into new markets in India and abroad. Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with target customers.

As we plan to expand our geographic footprint, our business may be exposed to additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no existing relationship; successfully marketing our products in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations may adversely affect our business, financial conditions, and results of operations.

14. ***A significant portion of our collections from customers is in cash, exposing us to certain operational risks.***

A significant portion of our collections from our customers is in cash. Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. We primarily cater to customers in rural and semi-urban markets, which carry additional risks due to limitations on infrastructure and technology.

While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections.

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud

and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

15. ***Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.***

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. For example, our credit ratings may depend on the financial performance and business prospects of M&M and its majority shareholding in our Company. Our Company's long-term NCD and subordinated debt is presently rated IND AAA, CARE AAAand CRISIL AA+ by India Ratings & Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings & Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+ respectively, which is the highest rating for short- term debt instruments, and CRISIL has rated our Company's fixed deposit program FAAA. For further details, see **"*Our Business – Our Credit Ratings*"** on page 105.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. However, these ratings are not recommendations to buy, sell or hold securities and prospective investors should take their own decisions.

16. ***Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.***

Our Company is engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles. For example, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

17. ***Developments in the regulations concerning securitization and assignment transactions with respect to receivables of our loan assets could adversely affect the viability of funding from such transactions, our results of operations and financial condition.***

We have in the past securitized/assigned a portion of the receivables from our loan assets to banks. During the half-year ended September 30, 2018 and the financial year 2018, our Company has entered into securitization transactions amounting to ₹33,582.63 lakhs and ₹ 55,160.71 lakhs, respectively.

Any change in statutory or regulatory requirements in relation to securitization or assignments by financial institutions, including the requirements prescribed by the RBI, could have an adverse impact on our assignment or securitization transactions. The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- prohibition on carrying out securitization/assignment transactions at rates lower than the prescribed base rate of the bank;
- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;

- minimum holding period or 'seasoning' and minimum retention requirements of assignment and securitization loans; and
- securitization/assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

For more details, see "***Regulations and Policies***" on page 185.

These recent developments have significantly limited the attractiveness of these assignment transactions, and have adversely affected the profitability of, securitization transactions, which could adversely affect our ability to secure funding at commercially viable rates, or at all and our results of operations and financial condition.

***18. Our Promoter holds majority shareholding in us, which will allow it to exercise significant influence over us and could create conflicts of interest.***

Our Promoter beneficially owns approximately 51.19% of our Equity Shares as on September 30, 2018. Our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board of Directors, the adoption of amendments to our articles of association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoter. The interests of our Promoter as our controlling shareholder could conflict with our interests or the interests of our other shareholders. We cannot be sure that our Promoter will act to resolve any conflicts of interest in our favor or in the favor of other shareholders. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. We leverage on the goodwill of the Mahindra group. We believe that this goodwill ensures a steady inflow of business. In the event Mahindra group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected.

***19. We depend on the services of our management team and employees, our inability to recruit and retain them may adversely affect our business.***

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resource such as selecting and retaining key managerial personnel, developing managerial experience, addressing emerging challenges and ensuring a high standard of client service. There is intense competition for experienced senior management and other qualified personnel, particularly office managers, field executives and employees with local knowledge in client procurement, loan disbursement and installment collections. If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, divert management resources, adversely affect our origination and collection rates, increase our exposure to high-risk credit and impose significant costs on us. While we have an incentive-based remuneration structure, employee stock option scheme and training and development programs designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance.

As of September 30, 2018, we employed 20,201 permanent employees. Though we believe that we maintain good relationship with our employees, we cannot assure you that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and result operations.

***20. We face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.***

We cater primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote markets, we may face difficulties in

conducting operations, such as accessing power facilities, transporting people and equipment, implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban markets, which could adversely affect our profitability.

Moreover, certain of our customers are farmers residing in rural and semi-urban areas and our results of operations are affected by risks specific to their businesses. For example, the agriculture industry in India is substantially dependent on monsoons. Extreme weather conditions such as drought, insufficient rainfall or floods may potentially affect the quality and quantity of farming production in a given year, thereby adversely affecting the ability of our farmer customers to repay their loans.

***21. A decline in our Company's capital adequacy ratio could restrict our future business growth.***

Pursuant to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as amended, we are required to maintain a capital adequacy ratio of at least 15.0% of our aggregate risk- weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items) consisting of Tier I and Tier II capital on an ongoing basis. The total Tier I capital, at any point is required to be at least 10.0% with effect from March 31, 2017. Our Company's capital adequacy ratio was 19.7% as of September 30, 2018, with Tier I capital comprising 14.5% and Tier II comprising 5.2%. Further, as of March 31, 2018, our Company's capital adequacy ratio was 21.9%, with Tier I capital comprising 16.0% and Tier II comprising 5.9%. If we continue to grow our loan assets and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

***22. We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for the financial year 2019 may not be comparable to our historical financial statements.***

We were required to prepare our financial statements in accordance with Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 (**"IAS Rules"**), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP with IFRS. The IAS Rules provide that financial statements of companies to which such rules apply shall be prepared and audited in accordance with Ind AS. Ind AS differs in various respects from Indian GAAP. We are required to prepare our financial statements in accordance with Ind AS with effect from April 1, 2018 with comparatives for prior periods. While we have not determined with any degree of certainty the impact that the adoption of Ind AS will have on our financial statements, we are aware that Ind AS will impact certain items in our financial statements such as income from loans and advances, finance cost, provision on non-performing assets, deferred tax and recognition of securitization/ assignment transactions. For a summary of the significant qualitative differences between Indian GAAP and Ind AS as applicable to our Company, see "***Summary of Significant Differences Between Indian GAAP and Ind AS***" on page 143. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April1, 2018 will not be comparable to our historical financial statements.

In addition, our promoter M&M currently prepares its consolidated annual and quarterly financial statements in Ind AS. As a result and solely for the purposes of consolidation, our Company prepares and provides its financial information under Ind AS to M&M. These results are used by M&M to prepare its consolidated results and are also disclosed by M&M as a part of its financial services segment. Our financial results under Ind AS will vary from the results currently published by M&M as part of its financial services segment since the date of transition to Ind AS shall be different under both the scenarios.

***23. The introduction of GST has resulted in an increase in our tax expenses.***

The introduction of the GST with effect from July 1, 2017 has resulted in an increase in our tax expenses. The rate of GST on financial services, excluding interest revenue, is 18 % compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the

input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.75% under service tax to 9 % under GST for most of the services that we avail, resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses.

24. ***Any failure, inadequacy and security breach in our information technology systems may adversely affect our business.***

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices, most of which are connected through computer systems and servers to our head office. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services, particularly in the rural and semi-urban markets in which we primarily operate. Our business is particularly susceptible to such disruptions because of our reliance on handheld GPRS enabled devices, expected implementation of mobile offices and the higher cost of installation and implementation of technology in the rural and semi-urban markets. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, employee data and propriety business data, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business.

25. ***We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads between the interest rates at which we borrow and lend.***

Our business strategy involves a high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of operating costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations.

26. ***We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs, we meet a portion of our funding requirements through short-term funding sources, such as by issuing commercial paper, short-term loans from banks, fixed deposits and unsecured debentures. The majority of our loan assets, however, mature over the medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities in a timely and cost-effective manner or at all may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and profitability.

27. ***Governmental and statutory regulations, including the imposition of an interest-rate ceiling, may***

***adversely affect our operating results and financial position.***

As a deposit-taking NBFC, we are subject to regulation by Government authorities, including the RBI. The RBI, however, has not established a ceiling on the rate of interest that can be charged by NBFCs in the asset finance sector. Currently, the RBI requires that the board of directors of each NBFCs adopts an interest rate model that takes into account relevant factors such as the cost of funds, margin and risk premium. It is unclear whether NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates.

The High Court of Kerala, in relation to a notice received by us from the Sales Tax Commissioner, Kerala, has held in an order that we are required to be registered under the Kerala Money Lenders Act, 1958. We have filed a special leave petition in the Supreme Court against this order and the matter is currently pending. The Supreme Court has granted an interim stay against the enforcement of this notice. In the event we are required to register under the Kerala Money Lenders Act, 1958 or any other state money lending laws, there may be interest rate ceiling caps and other restrictions on operations of our business. Further, we have also received such notices in some other states in the past. If any regulatory authority or court imposes any penalty against us or our Directors or our officers including for prior non-compliance with respect to state money lending laws, our business, results of operations and financial condition may be adversely affected.

In addition, on November 8, 2016, the RBI and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation ₹ 500 and ₹ 1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments was, among other things, a decrease in liquidity of cash and consequently, spending, in India and we experienced a short-term impact on our operations as a result of the demonetization. The introduction of such regulations in the future could adversely affect our operating results and financial position.

***28. We may not be able to sustain our growth.***

We have experienced significant growth in our business in the past and our current growth strategy includes increasing the number of loans we extend, diversifying our product portfolio and expanding our customer base. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio. Our growth is also dependent on the changes in product mix by the original equipment manufacturers ("**OEMs**") and changes in composition of cash and credit sales by OEMs. If we increase the number of loans we extend too quickly or fail to properly assess credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which may adversely affect the quality of our assets and our results of operations and financial condition.

We also face a number of operational risks in executing our growth strategy. As part of our growth strategy, we have experienced rapid growth in our vehicle finance business, our office network has expanded significantly and we are expanding to additional smaller towns and cities within India. Our rapid growth exposes us to a wide range of risks, including business and management risks, such as the possibility that a number of our impaired loans may increase faster than anticipated or that we fail to understand the new markets we enter into, as well as operational risks and fraud, regulatory and legal risks. It will also place sufficient demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls.

Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant and cost effective for our target customers, training managerial personnel to address emerging challenges, developing and maintaining technical infrastructure and systems and ensuring a high standard of customer service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to evolving internal controls and risk management procedures. Failure to train our employees for the above operational controls may result in loss of business, erosion of the quality of customer service, diversion of management resources, an increase in our exposure to high-risk credit, significant costs and an increase in employee attrition rates, any of which could adversely affect our business.

29. ***The proposed new taxation system in India could adversely affect our Company's business, prospects, financial condition and results of operations.***

The Government has proposed major reforms in Indian tax laws, namely provisions relating to the GAAR (General Anti Avoidance Rules). The provisions have been introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on 1 April 2018 and thereafter. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly n misuse, or abuse, of the provisions of the Income Tax Act 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty.

30. ***We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.***

As of March 31, 2018, we had certain contingent liabilities not provided for, amounting to ₹38,330.08 lakhs determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on such contingent liabilities, see "***Financial Statements***" on page 142. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

31. ***Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our business and results of operations.***

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further expand our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realize all of the anticipated benefits of any such transaction within our anticipated timeframe, or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations and may result in significant costs and expenses.

32. ***Fluctuations in the market values of our investments and other asset portfolio could adversely affect our result of operations and financial condition.***

We maintain a portfolio of investments, which includes government securities, certificates of deposits and various mutual fund units. Any financial turmoil in the financial markets has the ability to adversely impact the economic activity in India and globally. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could adversely affect our reported income and financial condition.

33. ***The grant of options under the Mahindra & Mahindra Financial Service Limited -Employee Stock Option Scheme 2010 (the "ESOP Scheme 2010") will result in a charge to our profit and loss account and may adversely impact our net income.***

Our Company follows the intrinsic value method for the accounting of employee compensation cost on options granted, pursuant to which, if the exercise price of any options granted is lower than the market price at the time of grant, it will result in a charge to our profit and loss account equal to the product of the number of Equity Shares granted and the difference between the exercise price and the market price at the time of grant.

We established the ESOP Scheme 2010 in October 2010, wherein we are authorized to issue options convertible into up to 48,45,025 Equity Shares at an exercise price of ₹ 2. As on September 30, 2018 the ESOP Trust 2010 has granted 35,26,537 stock options. As a result of future grants of options under ESOP Scheme 2010, we will have to charge the difference between exercise price and the fair value at the time of grant to our profit and our loss statement, which may have an adverse impact on our net income. This will be amortized over the vesting period of the options, being five years from the date of grant of the options. For the financial year 2018 and 2017, the employee stock compensation cost on account of ESOPs was ₹ 755.03 lakhs and ₹ 879.82 lakhs, respectively.

Further, we may continue to introduce such employee stock option schemes in the future, where we issue options to our employees at substantial discount to the market price of the Equity Shares, which may have an adverse impact on our results of operations and financial condition.

***34. We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations.***

We require certain statutory and regulatory approvals for conducting our business and may also need additional approvals from regulators to distribute insurance products through our insurance broking business and other fee- based products to our customers. For example, we are required to obtain and maintain a certificate of registration for carrying on business as an NBFC, a certificate that is subject to numerous conditions. We also require licenses and approvals to operate our various lines of business. We may not be able to obtain such approval in a timely manner or at all.

In addition, our various offices, meeting centers and customer care centers are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in certain states. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. A court, arbitration panel or regulatory authority may in the future find that we have not complied with applicable legal or regulatory requirements. We may also be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

***35. We are subject to supervision and regulation by the RBI as a systemically important deposit-taking NBFC, and changes in RBI's regulations governing us could adversely affect our business.***

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure norms and other master directions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost, raise additional capital or otherwise adversely affect our business and our financial performance.

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. Pursuant to two notifications dated December 6, 2006, (Notifications No. DNBS. 189 / CGM (PK)-2006 and DNBS.190 / CGM (PK)- 2006), the RBI amended the NBFC Acceptance of Public Deposits Directions, 1998, reclassifying deposit taking NBFCs, such as us. We are also subject to the requirements of the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended.

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For further information on laws and regulations applicable to us, see "*Regulations and Policies*".

***36. The restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non-Banking Financial Companies dated July 1, 2015 (the "Master Circular") may restrict our ability to obtain bank financing for specific activities.***

Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain NBFC activities are ineligible for financing by banks, such as certain types of discounting and rediscounting of bills, investments of current and long term nature by way of shares, debentures, etc, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter-corporate deposits provided by the NBFCs and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

These restrictions may adversely affect our access to or the availability of bank finance, which may in turn adversely affect our financial condition and results of operations.

***37. Our insurance coverage may not adequately protect us against losses.***

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co- insurance requirement, could adversely affect our business, financial condition and results of operations.

***38. We have entered into, and will continue to enter into, related party transactions and we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties.***

We have entered into transactions with several related parties, including our Promoter, Directors and

companies in the Mahindra Group. We can give no assurance that we could not have achieved more favorable terms had such transactions been entered into with parties that were not related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information, see "*Financial Statements*".

***39. We do not own the trademarks we use and thus enjoy limited legal protection and our ability to use the trademark and logo may be impaired.***

Our logo Mahindra FINANCE is not owned by our Company. We use trademarks such as "Mahindra Finance", "Mahindra Home Finance" "Ghar Ki Baat Hai" in the course of our business operations. However, these trademarks are owned by M&M. While our Company has entered into a trademark license agreement with M&M for use of the "Mahindra" trademark and logo and the "Mahindra & Mahindra" trademark, we have not entered into any license agreement with M&M for use of the other aforesaid trademarks we use in our business operations. Thus, we enjoy limited legal protection and ability for use of these trademarks. We may not be able to use aforementioned trademarks in the event of termination of trademark license agreement. Pursuant to the trademark license agreement, M&M has a right to terminate the agreement upon (i) our Company ceasing to be a subsidiary of M&M, (ii) any material breach of the trademark license agreement by our Company (without any prior notice to our Company) as determined by M&M, (iii) any other breaches of the trademark license agreement by our Company after giving a 30 day notice to cure the breaches occurred. Further, the trademark license agreement stands automatically terminated without any prior notice to our Company if, inter alia, (i) our Company does into liquidation or winding-up order is made against our Company, (ii) our Company's management or undertaking or any part thereof is taken over, acquired or nationalized by the government or third party (as the case may be) or if there is a sale or transfer of substantially all of our Company's assets (without prior written approval of M&M), (iii) our Company ceases to render the products / services bearing the trademarked licensed under the trademark license agreement. Our inability to use of these trademarks and any unauthorized usage could result in the dilution of the trademarks recognized with our Company and loss of reputation, which may result in adverse effects to our business and results of operations.

***40. Most of our offices are located on leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations.***

As of September 30, 2018, 1,293 of our Company's 1,296 offices are housed on leased premises (which expire from time to time). Our Company currently does not have an agreement with M&M for the use of the premises of the Registered Office. We have entered into an occupancy agreement with M&M for the occupancy of our Corporate Office. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

***41. Our Company has incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business.***

As of September 30, 2018, our Company had total borrowings of ₹ 46,49,569.96. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow further now and in the future;
- affecting our capital adequacy requirements; and

- increasing our interest expenditure.

Most of our financing arrangements are secured by our movable and immovable assets. Further, our financing arrangements also contain other restrictive covenants, including, but not limited to:

- to declare or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
- to amend its MOA and AOA or alter its constitution;
- to change the ownership or control of our Company; and
- to make any major investments by way of deposits, loans or share capital in any manner.

Compliance with the various terms of our loans is subject to interpretation and we cannot assure you that we have requested, received or will receive all consents from our lenders that would be advisable under our financing documents. As a result, it is possible that a lender could assert that we have not complied with certain terms under our financing documents. Any failure to service our indebtedness, comply with a requirement to obtain consent or perform any condition or covenant could impede our flexibility in conducting our business, which may have an adverse effect on our business and results of operations.

***42. Inaccurate appraisal of credit may adversely impact our business.***

We may be affected by failure of our employees to comply with our internal procedures requiring extensive appraisal of credit or financial worth of our clients. Failure or inaccurate appraisal of credit or financial worth of our clients by our employees may allow a loan sanction, which may eventually result in a bad debt on our books of accounts. In the event, we are unable to check the risks arising out of such lapses, it may have an adverse effect on our business and results of operations.

***43. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries***

The effectiveness of our risk monitoring and management is limited by the quality, timeliness and availability of data required for the assessment of the risks such as, information regarding market, customers, proposed policy changes, etc. These data may not be accurate or complete in all the cases thereby affecting our ability to access, monitor and manage the risk. Our hedging strategies and other risk management techniques may not be fully effective in mitigating all the types of risks that we face or may face in the market. Largely, our risk management is based on the study of historical market behaviour and as a result these studies may not predict the future risks exposures. Our risk management policies therefore may not in all cases adequately address unidentified or unanticipated risks. Our inadequacy in properly assessing the risks and hence moulding accordingly to ward of these risks may have an adverse effect on our business and results of operations.

***44. We have not independently verified certain data in this Draft Shelf Prospectus.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, the Indian economy, as well as NBFCs, the automobile industry, insurance industry and mutual funds industry that are included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

45. ***Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.***

We are required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer ("**KYC**") procedures, fraud and money laundering by dishonest customers. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

46. ***Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.***

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will be able to pay dividends in the future.

47. ***We have relied on third party industry reports which have been used for industry related data in this Draft Shelf Prospectus and such data have not been independently verified by us.***

We have relied on the CRISIL Industry Report for industry related data that has been disclosed in this Draft Shelf Prospectus. The reports use certain methodologies for market sizing and forecasting. We have not independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Shelf Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details, please see "***Industry Overview***" on page 68 of this Draft Shelf Prospectus.

**EXTERNAL RISKS**

***Risks Relating to India***

48. ***Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.***

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and

- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the NCDs. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on our business, financial condition and results of operations.

***49. Political instability, changes in the Government or natural calamities may adversely affect economic conditions in India, which may impact our business, financial results and results of operations.***

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our NCDs may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms. Various factors could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our shares may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government, social stability or other political, economic or diplomatic developments affecting India in the future.

India has experienced and may continue to experience natural calamities such as earthquakes, floods and drought. The extent and severity of these natural disasters determines their effect on the Indian economy. Such natural calamities could have a negative effect on the Indian economy, adversely affecting our business.

***50. Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.***

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in the past. Other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi (Chinese Yuan) devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and global credit and financial markets.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on our Company's cost of funding, loan portfolio, business, future financial performance and the trading price of any NCDs issued under the Issue. Negative economic developments, such as rising Fiscal or trade deficits, or a default on national debt in other emerging market countries may also affect investor confidence and cause increased volatility in Indian

securities markets and indirectly affect the Indian economy in general.

51. ***Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our NCDs trade and also adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and adversely affect our business, financial condition and results of operations. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about stability in the region, which may adversely affect the price of our NCDs.

India has also witnessed civil unrest including communal disturbances and riots in recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on the price of our NCDs.

52. ***Any downgrade of credit ratings of India may adversely affect our ability to raise debt financing.***

India's sovereign ratings reflect an assessment of the Indian government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that any statistical rating organisation will not downgrade the credit ratings of India. Any such downgrade could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance.

53. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.***

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the NCDs.

54. ***Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

55. ***Financial difficulty and other problems in certain financial institutions in India could adversely affect our business.***

As an Indian NBFC, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence could adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced

in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme.

***56. Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

***57. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on our business and results of operations.***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries in which our end markets are located, which could have an adverse effect on our business. We can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on our business.

***58. Significant differences exist between Indian GAAP used to prepare our Company's financial statements and other accounting principles, such as IFRS, with which investors may be more familiar. Furthermore, our Company will be subject to a number of new accounting standards as part of our transition to Indian Accounting Standards converged with Ind AS (as defined below) that may significantly impact its financial statements in future reporting periods.***

Our Company's financial statements included in this Draft Shelf Prospectus are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS and other accounting principles and standards. Our Company has not made any attempt to quantify the impact of IFRS on the financial data included in this Draft Shelf Prospectus, nor does our Company provide a reconciliation of our financial statements to those of IFRS. If our Company were to prepare our financial statements in accordance with such other accounting principles, our Company's results of operations, cash flows and financial condition may be substantially different. The significant accounting policies applied in the preparation of its Indian GAAP financial statements are set forth in the notes to our financial statements included in this Draft Shelf Prospectus.

The Companies (Indian Accounting Standards) Rules, 2015 (**IAS Rules**), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared and audited in accordance with Indian Accounting Standards converged with IFRS ("**Ind AS**"), although any company may voluntarily implement Ind AS for the accounting period beginning from 1 April 2015. All NBFCs having a net worth of more than ₹50,000 lakhs are required to mandatorily adopt Ind AS for the accounting period beginning from 1 April 2018 with comparatives for the period ending on 31 March 2018.

As there is not yet a significant body of established practice, such as interpretations of the new accounting standards, on which to draw in forming judgments regarding the new system's implementation and application, our Company has not determined with any degree of certainty the impact such adoption will have on our financial reporting. However, the Ind AS accounting standards will change its methodology for estimating allowances for probable loan losses. They may require our Company to value our NPAs by reference to their market value (if a ready market for such loans exists) or to calculate the present value of the expected future cash flows realisable from our loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable loan losses. This may result in our Company recognising higher allowances for probable loan losses in the future.

Our Company's financial statements are prepared in accordance with the Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs. NBFCs will be required to prepare Ind AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of ₹5

billion or more, including our Company, and their holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from 1 April 2018 onwards with comparatives for the periods ending 31 March 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and have a net worth less than ₹5 billion, NBFCs that are not listed and have a net worth of more than ₹2.5 billion but less than ₹5 billion, and their respective holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from 1 April 2019 onwards with comparatives for the periods ending 31 March 2019 or thereafter. NBFCs that have a net worth below ₹2.5 billion shall continue to apply the accounting standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.

We may not be able to determine with a degree of certainty the impact of adoption of Ind AS on our financial reporting. As a result, there can be no assurance that our Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind AS than under Indian GAAP. Our Company's management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. There can be no assurance that our Company's adoption of Ind AS will not adversely affect our reported results of operations or financial condition in the future and any failure to successfully adopt Ind AS could adversely affect our Company's business, financial condition and results of operations in the future.

***59. The new bankruptcy code in India may affect our Company's right to recover loans from its borrowers.***

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

***Risks Relating to the Utilization of Issue Proceeds***

***60. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing indebtedness, long term working capital requirements and general corporate purposes. For details refer section titled "***Terms of the Issue***" on page 209 of this Draft Shelf Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

***Risks Relating to the NCDs***

61. ***There has been no prior public market for the NCDs and it may not develop in the future, and the price of the NCDs may be volatile.***
The NCDs have no established trading market. There can be no assurance that an active public market for the NCDs will develop or be sustained. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs.

62. ***There is no guarantee that the NCDs issued pursuant to this Issue will be listed on BSE in a timely manner or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs on BSE.

63. ***The investor may not be able to recover, on a timely basis or recover at all, the full value of the outstanding amounts and/ or the interest accrued thereon, in connection with the NCDs.***

Our ability to pay interest accrued on the NCDs and/ or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/ or the interest accrued thereon in a timely manner or repay at all.

64. ***A debenture redemption reserve will be created, only up to an extent of 25% of the value of the outstanding NCDs and in the absence of profits, we may not be able to transfer adequate amounts to the Debenture Redemption Reserve ("DRR").***

The Company (Share Capital and Debentures) Rules, 2014 has prescribed that adequacy of DRR will be 25% of the value of the outstanding debentures issued through public issue. Therefore, our Company will maintain a DRR only to the extent of 25% of the value of the outstanding NCDs or such a percentage as may be required under applicable regulation as amended from time to time issued and the Debentureholders may find it difficult to enforce their interests in the event of or to the extent of a default in excess of such reserve.

The amount to be credited as DRR will be carved out of the profits of our Company only and there is no obligation on the part of our Company to create DRR if there is no profit or no adequate profit for the year to pay dividends for the particular year. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the outstanding NCDs issued.

65. ***Any downgrading in credit rating of our NCDs may affect the trading price of our NCDs and our ability to raise funds.***

CRISIL, CARE, India Ratings and Brickwork have assigned rating of 'CRISIL AA+', 'CARE AAA', 'IND AAA' and 'BWR AAA', respectively, to the long term and subordinated debt of our Company. CRISIL has rated our fixed deposit programme as 'FAAA'. CRISIL, and India Ratings assigned rating of 'CRISIL A1+' and 'IND A1+', respectively, to the short term debt and commercial paper of our Company. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the NCDs and may also affect our ability to raise further debt.

66. ***Payments made on the NCDs will be subordinated to payments to secured and unsecured creditors and certain tax and other liabilities preferred by law.***

The NCDs will be unsecured and will be subordinated to all secured and unsecured creditors of our Company as well as certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the NCDs only after all of those

liabilities that rank senior to these NCDs have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the NCDs. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the NCDs. The issue of any such debt securities may reduce the amount recoverable by investors in the NCDs on our bankruptcy, winding-up or liquidation.

***67. Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the NCDs are legal investments for it, (ii) the NCDs can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the NCDs.

***68. The NCDs are subject to the risk of change in law***

The terms and conditions of the NCDs are based on Indian law in effect as of the date of issue of the relevant NCDs. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant NCDs and any such change could materially and adversely impact the value of any NCDs affected by it.

***69. Securities on our Secured NCDs.***

A significant part of our Company's current assets represented mainly by the loan receivables are being used to secure our Company's debt. As at September 30, 2018, our Company's secured borrowing was Rs. 31,52,201.81 lakhs. The terms of the Secured NCDs do not prevent our Company from incurring additional debt.

**PROMINENT NOTES**

1. This is a public issue by our Company of Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each and/or Unsecured, Subordinated Redeemable Non-Convertible Debentures of face value of ₹1,000 each for an amount upto ₹ 1,00,00,00,00,000 crores. The Unsecured NCDs will be in the nature of subordinated debt and will be eligible for inclusion as Tier II capital.

2. For details on the interest of our Company's Directors, please refer to the sections titled "**Our *Management***" and "***Capital Structure***" beginning on pages 114 and 48, respectively, of this Draft Shelf Prospectus.

3. Our Company has entered into certain related party transactions, within the meaning of Ind AS as notified by the Companies (Accounting Standards) Rules, 2006, as amended and as disclosed in the chapter titled "***Financial Information***" beginning on page 142 of this Draft Shelf Prospectus.

4. Any clarification or information relating to the Issue shall be made available by the Lead Managers, and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

5. Investors may contact the Registrar to the Issue, Company Secretary and Compliance Officer, Lead Managers for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.

6. For further information on such contingent liabilities, see "***Financial Information***" on page 142 of this Draft Shelf Prospectus.

7. For further information relating to certain significant legal proceedings that we are involved in, see ***Outstanding Litigations and Defaults***" beginning on page 173 of this Draft Shelf Prospectus.

## SECTION III-INTRODUCTION

## GENERAL INFORMATION

Our Company was incorporated on January 1, 1991, as Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992.

**Registered Office**

Gateway Building, Apollo Bunder, Mumbai, – 400 001, Maharashtra, India.
Tel: +91 22 2289 5500; Fax: +91 22 2287 5485
E-mail: investorhelpline_mmfsl@ mahindra.com;
Website: www.mahindrafinance.com

**Corporate Office**

Mahindra Towers, 4th Floor,
Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli,
Mumbai - 400 018, Maharashtra, India.
Tel: +91 22 6652 6017; Fax: +91 22 2495 3608
E-mail: investorhelpline_mmfsl@ mahindra.com;
Website: www.mahindrafinance.com

**Registration**

Corporate Identification Number: L65921MH1991PLC059642 issued by the RoC.

Our Company holds a certificate of registration dated September 4, 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 which has been renewed on March 21, 2007.

**Chief Financial Officer**

Mr. Ravi Venkatraman
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli, Mumbai –400 018
Tel: +91 22 66526000
Fax: +91 22 24984170/71
Email: ravi.v@mahindra.com

**Compliance Officer & Company Secretary**

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla
*Company Secretary*
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli, Mumbai –400 018
Tel: +91 22 6652 6000 (Board) / 6652 6017
Fax: +91 22 24984170/71
Email: investorhelpline_mmfsl@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, or interest on application money etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the and the Bidding Centre of the relevant members of the Lead Managers where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism or through Trading Members may be addressed directly to the Stock Exchange.

**Lead Managers**

**Edelweiss Financial Services Limited**
Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Tel: +91 22 4086 3535
Fax: +91 22 -4086 3610
Email: mmfslncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi / Mr. Mandeep Singh
Compliance Officer : Mr B. Renganathan
Email (Compliance Officer) : customerservice.mb@edelweissfin.com
Tel (Compliance Officer) : +91 22 4086 3535
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

**A. K. Capital Services Limited**
30-39, Free Press House, 3rd Floor,
Free Press Journal Marg,
215, Nariman Point,
Mumbai – 400 021
Tel: +91 22 6754 6500/ 6634 9300
Fax: + 91 22 6610 0594
Email: mmfslncd2018@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Ms. Shilpa Pandey/ Mr. Malay Shah
Compliance Officer: Mr. Tejas Davda
Email (Compliance Officer): investor.grievance@akgroup.co.in
Tel (Compliance Officer): +91 22 6754 6500/ 6634 9300

**Axis Bank Limited**
Axis House, 8th Floor, C-2,
Wadia International Centre,
P.B. Marg, Worli,
Mumbai, 400025
Tel: +91 22 6604 3293
Fax: +91 22 2425 2800
Email: mmfsl.nov2018@axisbank.com
Investor Grievance Email: investor.grievance@ axisbank.com

Website: www.axisbank.com
Contact Person: Mr. Vikas Shinde
Compliance Officer: Mr. Sharad Sawant
SEBI Registration No.: INM000006104

**ICICI Securities Limited**
ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai, 400020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
Email: mmfslncd2018@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Arjun A Mehrotra/ Mr. Rishi Tiwari
Compalince Officer: Mr. Raju Nanwani
SEBI Registration No.: INM000011179

**SBI Capital Markets Limited**
202, Maker Tower'E', Cuffe Parade,
Mumbai 400 005, Maharashtra, India
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: mmfsl2018@sbicaps.com
Investor Grievance e-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Navneet Kalra
Compliance officer: Mr. Bhaskar Chakraborty
SEBI Registration Number: INM000003531

**Trust Investment Advisors Private Limited**
109/110, Balarama, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051
Tel: (+91 22) 4084 5000
Fax: (+91 22) 4084 5007
Email: mbd.trust@trustgroup.in
Investor Grievance Email: customercare@trustgroup.in
Website: www.trustgroup.in
Contact Person: Ms. Hani Jalan
Compliance Officer: Mr. Ankur Jain
SEBI Registration No.: INM000011120

**YES Securities (India) Limited**
IFC, Tower 1 & 2, Unit no. 602 A, 6th Floor,
Senapati Bapat Marg, Elphinstone Road,
Mumbai – 400 013
Tel: +91 22 3012 6919
Fax: +91 22 2421 4508
E-mail: mmfslncd2018@yessecuritiesltd.in
Investor Grievance e-mail: igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mukesh Garg/ Pratik Pednekar
Compliance Officer: Dr. Dhanraj Uchil
SEBI Registration Number: MB/INM000012227

**Debenture Trustee:**

**Axis Trustee Services Limited**
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli Mumbai 400 025
Tel: +91-22- 6230 0451
Fax: +91- 22-6230 0700
Email: debenturetrustee@axistrustee.com
Investor Grievance Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com
Contact Person: Ms. Krishna Kumari
SEBI Registration Number: IND000000494
CIN: U74999MH2008PLC182264

**Registrar:**

**Karvy Computershare Private Limited**
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032
Tel: 040-67162222
Fax: 040-23431551
Email: einward.ris@karvy.com
Investor Grievance Email: mmfsl.ncdipo3@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U74140TG2003PTC041636

**Statutory Auditor:**

B S R & Co. LLP, Chartered Accountants
5th Floor, Lodha Excelus,
Apollo Mills Compund, N.M. Joshi Marg,
Mahalaxmi, Mumbai, 400011
Tel: +91 22 4345 5300,
Fax: +91 22 4345 5399
Email: vv@bsraffiliates.com
Contact Person: Mr. Venkatramanan Vishwanath
Firm registration number: 101248W/W-100022

**Date of appointment as Statutory Auditor:** July 24, 2017

**Credit Rating Agencies:**

**Credit Analysis and Research Limited**
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (E), Mumbai 22,
Maharashtra, India
Tel: +91 6754 3528
Fax: +91 6754 3457
Email: aditya.acharekar@careratings.com
Website: www.careratings.com
Contact Person: Mr. Aditya Acharekar
SEBI Registration No.: IN/CRA/004/1999

**India Ratings & Research Private Limited**
Workhardt Tower, Level 4,
West Wing,
Bandra Kurla Complex,
Bandra (E ), Mumbai 400 051,
Maharashtra, India
Tel: +91 22 4000 1700
Fax: +91 22 4000 1701
Email: shrikant.dev@indiaratings.co.in
Website: www.indiaratings.com
Contact Person: Srikant Dev
SEBI Registration No.: IN/CRA/002/1999

**Legal Advisor to the Issue:**

**Khaitan & Co**
One Indiabulls Centre,
13th Floor, Tower 1,
841 Senapati Bapat Marg
Mumbai- 400 013
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

**Bankers to the Issue:**

As specified in relevant Tranche Prospectus.

**Refund Bank**

As specified in relevant Tranche Prospectus

**Bankers to our Company**

As specified in relevant Tranche Prospectus

**Consortium Members**

As specified in relevant Tranche Prospectus.

**Self-Certified Syndicate Banks**

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which **is** available at http://www.sebi.gov.in/ or at such other website as may be prescribed by SEBI from time to time.

**Syndicate SCSB Branches**

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

**Broker Centres/ Designated CDP Locations/ Designated RTA Locations**

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the ASBA Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*"Any person who:*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013"*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20 lakh or with both.

**Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

**Underwriting**

The Issue is not underwritten.

**Arrangers to the Issue**

There are no arrangers to the Issue.

**Expert Opinion**

Except the following, our Company has not obtained any expert opinions in connection with this Draft Shelf Prospectus:

- Vide letter dated November 5, 2018 our Company has received consent from B S R & Co. LLP, Chartered Accountants, Statutory Auditors of our Company to include their name as an expert under Section 26(5) of the Companies Act 2013 in the Draft Shelf Prospectus in relation to the examination report dated November 5, 2018 ,limited review report on the Limited Review Financial Results for the half year ended 30 September, 2018 and statement of tax benefits dated November 5, 2018 to be included in the Draft Shelf Prospectus and Prospectus and such consent has not been withdrawn as on the date of this Draft Shelf Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in this Draft Shelf Prospectus.

- Vide letters dated September 29, 2018 and revalidated via revalidation letter dated October 31, 2018 and October 3, 2018 and revalidated by revalidation letter dated November 2, 2018 respectively, our Company has received consents respectively from CARE and India Ratings to include their name as an expert under Section 26(5) of the Companies Act 2013 in the Draft Shelf Prospectus and the Shelf Prospectus and such consent has not been withdrawn as on the date of this Draft Shelf Prospectus.

**Credit Rating and Rationale**

The NCDs proposed to be issued under this Issue have been rated 'CARE AAA (Triple A); Stable' for an amount of ₹ 10,000 crores, by CARE and 'IND AAA; Stable' for an amount of ₹ 10,000 crores by India Ratings. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

The rationale for the aforementioned rating issued by CARE and India Ratings has been provided in Annexure A and B of this Draft Shelf Prospectus.

**Utilisation of Issue proceeds**

For details on utilization of Issue proceeds please see "***Objects of the Issue***" on page 56 of this Draft Shelf Prospectus.

**Issue Programme**

| ISSUE PROGRAMME* | |
|---|---|
| **ISSUE OPENS ON** | **As specified in the relevant Tranche Prospectus** |
| **ISSUE CLOSES ON** | **As specified in the relevant Tranche Prospectus** |

** The Issue shall remain open for subscription on Working Days from 10 A.M. to 5 P.M. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Bond Issue Committee, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

*Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "**IST**") ("**Bidding Period**") during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected.*

*Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Shelf Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.*

*Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs*

*are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.*

## CAPITAL STRUCTURE

**Details of Share Capital and Securities Premium account**

The following table lays down details of our authorised, issued, subscribed and paid up share capital and securities premium account as of 30 September 2018:

*(₹ in lakhs)*

| Authorised share capital | Aggregate value |
|---|---|
| 70,00,00,000 Equity Shares of face value of Rs. 2 | 14,000.00 |
| 50,00,000 Redeemable Preference Shares of face value of Rs. 100 | 5,000.00 |
| Total Authorised Share Capital | 19,000.00 |
| **Issued, subscribed and paid up Equity Share capital** | |
| 61,77,64,960 Equity Shares of Rs. 2 each | 12,355.30 |
| Paid up equity share capital after the Issue | |
| 61,77,64,960 Equity Shares of Rs. 2 each | 12,355.30 |
| Securities premium account | |
| Existing Securities Premium Account | 4,11,444.62 |
| Securities Premium Account after the Issue | 4,11,444.62 |

*There will be no change in the equity capital structure and securities premium account on account of the post the issue and allotment of the NCDs.*

**Details of change in Authorized share capital of our company as on the date of this Draft Shelf Prospectus for last five years:** NIL

**1. Equity Share capital history of our Company**

The following is the history of the paid-up Equity Share capital of our Company for the last five years as on the date of the Draft Shelf Prospectus:

| Date of allotment | No. of Equity Shares | Face value (Rs.) | Issue price (Rs.) | Consideration in cash/ Other than cash | Cumulative | | | Nature of allotment |
|---|---|---|---|---|---|---|---|---|
| | | | | | No. of Equity Shares | Equity Share capital (Rs.) | Share premium account (Rs.) | |
| November 30, 2017 | 2,50,00,000 | 2 | 422 | Cash | 59,37,64,960 | 1,18,75,29,920 | 3048,14,03,664 | Preferential Allotment (1) |
| December 07, 2017 | 2,40,00,000 | 2 | 440 | Cash | 61,77,64,960 | 1,23,55,29,920 | 4099,34,03,664 | Allotment of shares through QIP(2) |

Notes

*(1) 2,50,00,000 Equity Shares were allotted to Mahindra & Mahindra Limited through preferential allotment basis vide resolution of Security Issue Committee dated November 30, 2017*

*(2) 2,40,00,000 Equity Shares were allotted pursuant to QIP vide resolution of QIP Committee dated December 7, 2017*

**2. Details of Promoter's shareholding in our Company's subsidiaries as on September 30, 2018:**

NIL

### 3. Shareholding of Directors in our Company

The Articles of Association do not require the Directors to hold any qualification Equity Shares. The shareholding of the Directors in our Company as on September 30, 2018 is mentioned below:

| S. No. | Name of Director | No. of Equity Shares |
|---|---|---|
| 1. | Mr. Dhananjay Mungle | 50,000 |
| 2. | Mr. Ramesh Iyer | 7,58,029 |
| 3. | Mr. C. B. Bhave | NIL |
| 4. | Mr. M. G. Bhide | 50,000 |
| 5. | Mr. Piyush Mankad | 50,000 |
| 6. | Ms. Rama Bijapurkar | 30,000 |
| 7. | Mr. V. S. Parthasarathy | 250 |
| 8. | Mr. V. Ravi | 5,31,197 |
| 9. | Dr. Anish Shah | NIL |

None of our Independent Directors hold any ESOPs.

### 4. Shareholding of Directors in our Subsidiaries and Joint Venture

None of our Directors hold equity shares in our Subsidiaries and Joint Venture in their personal capacity.

### 5. Shareholding pattern of our Company

The following is the shareholding pattern of our Company, as of half year ended September 30, 2018:

**Table I - Summary Statement holding of specified securities**

| Category | Category of Shareholder | No of Shareholders | No of fully paid up equity shares held | No of Partly paid-up equity shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no of shares (As a % of (A+B+C2)) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| | | | | | | | | | | | | | | | | | | |
| (A) | Promoter & Promoter Group | 1 | 316207660 | 0 | 0 | 316207660 | 51.19 | 316207660 | 0 | 316207660 | 51.19 | 0 | 51.19 | 25000000 | 7.91 | 0 | 0.00 | 316207660 |
| (B) | Public | 61513 | 298364258 | 0 | 0 | 298364258 | 48.30 | 298364258 | 0 | 298364258 | 48.30 | 0 | 48.30 | 0 | 0.00 | NA | NA | 297915828 |
| (C) | Non Promoter-Non Public | 1 | 3193042 | 0 | 0 | 3193042 | 0.52 | 3193042 | 0 | 3193042 | 0.52 | 0 | 0.52 | 0 | 0.00 | NA | NA | 3193042 |
| (C1) | Shares underlying DRs | 0 | 0 | 0 | 0 | 0 | NA | 0 | 0 | 0 | 0.00 | 0 | NA | 0 | 0.00 | NA | NA | 0 |
| (C2) | Shares held by Employees Trusts | 1 | 3193042 | 0 | 0 | 3193042 | 0.52 | 3193042 | 0 | 3193042 | 0.52 | 0 | 0.52 | 0 | 0.00 | NA | NA | 3193042 |
| | Total: | 61515 | 617764960 | 0 | 0 | 617764960 | 100 | 617764960 | 0 | 617764960 | 100 | 0 | 100 | 25000000 | 4.05 | 0 | 0.00 | 617316530 |

| Sr. | Category & Name of the Shareholders (I) | Nos. Of shareholders (III) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | |
| | | | | | | Class eg: X | Total | | | |
| A | Table II - Statement showing shareholding pattern of the Promoter and Promoter Group | | | | | | | | | |
| (1) | Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (a) | Individuals/Hindu undivided Family | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Financial Institutions/ Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Any Other (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Mahindra & Mahindra Limited | 1 | 316207660 | 316207660 | 51.19 | 316207660 | 316207660 | 51.19 | 51.19 | 316207660 |
| | Sub-Total (A)(1) | 1 | 316207660 | 316207660 | 51.19 | 316207660 | 316207660 | 51.19 | 51.19 | 316207660 |
| (2) | Foreign | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (A)(2) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | 1 | 316207660 | 316207660 | 51.19 | 316207660 | 316207660 | 51.19 | 51.19 | 316207660 |

| B | Table III - Statement showing shareholding pattern of the Public shareholder | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 24 | 74696631 | 74696631 | 12.09 | 74696631 | 74696631 | 12.09 | 12.09 | 74696631 |
| (b) | Venture Capital Funds | 1 | 682743 | 682743 | 0.11 | 682743 | 682743 | 0.11 | 0.11 | 682743 |
| (c) | Alternate Investment Funds | 1 | 3000 | 3000 | 0.00 | 3000 | 3000 | 0.00 | 0.00 | 3000 |
| (d) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Foreign Portfolio Investors | 412 | 169970339 | 169970339 | 27.51 | 169970339 | 169970339 | 27.51 | 27.51 | 169970339 |
| (f) | Financial Institutions/ Banks | 5 | 1569569 | 1569569 | 0.25 | 1569569 | 1569569 | 0.25 | 0.25 | 1569569 |
| (g) | Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) | Provident Funds/ Pension Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) | Any Other (specify) | | | | | | | | | |
| | Sub-Total (B)(1) | 443 | 246922282 | 246922282 | 39.97 | 246922282 | 246922282 | 39.97 | 39.97 | 246922282 |
| (2) | Central Government / State Government(s)/ President of India | 0 | 0 | 0 | 0 | 0 | | | | |
| | Sub-Total (B)(2) | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (3) | Non-institutions | | | | | | | | | |
| (a(i)) | Individuals -<br>i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs. | 58608 | 15494343 | 15494343 | 2.51 | 15494343 | 15494343 | 2.51 | 2.51 | 15187153 |
| (a(ii)) | Individuals -<br>ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs. | 17 | 5054304 | 5054304 | 0.82 | 5054304 | 5054304 | 0.82 | 0.82 | 5054304 |
| (b) | NBFCs registered with RBI | 5 | 7899 | 7899 | 0.00 | 7899 | 7899 | 0.00 | 0.00 | 7899 |
| (d) | Overseas Depositories (holding DRs) (balancing figure) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Other (specify) | 2440 | 30885430 | 30885430 | 5.00 | 30885430 | 30885430 | 5.00 | 5.00 | 30744190 |
| | Sub-Total (B)(3) | 61070 | 51441976 | 51441976 | 8.33 | 51441976 | 51441976 | 8.33 | 8.33 | 50993546 |
| | Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3) | 61513 | 298364258 | 298364258 | 48.30 | 298364258 | 298364258 | 48.30 | 48.30 | 297915828 |

| **C** | **Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) | Custodian/DR Holder - Name of DR Holders (If Available) | | | | | | | | | |
| (2) | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 1 | 3193042 | 3193042 | 0.52 | 3193042 | 3193042 | 0.52 | 0.52 | 3193042 |
| | Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2) | | | | | | | | | |
| | Total ( A+B+C2 ) | 61515 | 617764960 | 617764960 | 100 | 617764960 | 617764960 | 100 | 100 | 617316530 |
| | Total (A+B+C ) | 61515 | 617764960 | 617764960 | 100 | 617764960 | 617764960 | 100 | 100 | 617316530 |

### 6. Details of the top 10 Equity shareholders of our Company

Given below are details of the top 10 Equity shareholders of our Company as on September 30, 2018:

| Sr. No. | Name | No. of Equity Shares | No. of Equity Shares held in dematerialised form | As % of total number of shares |
|---|---|---|---|---|
| 1. | Mahindra & Mahindra Limited | 316207660 | 316207660 | 51.19 |
| 2. | SBI Blue Chip Fund | 17888074 | 17888074 | 2.90 |
| 3. | UTI Arbitrage Fund | 17357850 | 17357850 | 2.81 |
| 4. | HDFC Standard Life Insurance Company Limited | 13044091 | 13044091 | 2.11 |
| 5. | Blackrock Global Funds Asian Dragon Fund | 9996041 | 9996041 | 1.62 |
| 6. | Blackrock Global Funds - Asian Growth Leaders Fund | 9642888 | 9642888 | 1.56 |
| 7. | Kotak Funds- India Midcap Fund | 8133583 | 8133583 | 1.32 |
| 8. | Axis Emerging Opportunities Fund | 7934826 | 7934826 | 1.28 |
| 9. | Valiant Mauritius Partners Offshore Limited | 6528834 | 6528834 | 1.06 |
| 10. | Aditya Birla Sun Life Trustee Private Limited | 5734200 | 5734200 | 0.93 |
| | **TOTAL** | **412468047** | **412468047** | **66.77** |

### 7. Top 10 debenture holders (secured and unsecured) of our Company

Given below are details of the top 10 debenture holders^ (secured and unsecured) of our Company as of half year September 30, 2018:

***(₹ in lakhs)***

| Sr. No. | Name of Debenture Holders | Amount |
|---|---|---|
| 1. | HDFC Trustee Company Limited | 171,300.00 |
| 2. | CBT-EPF | 100,000.00 |
| 3. | Kotak Mahindra Trustee Company Limited | 91,500.00 |
| 4. | Union Bank of India | 75,000.00 |
| 5. | IDFC AMC Trustee Company Limited | 68,500.00 |
| 6. | Postal Life Insurance | 65,707.56 |
| 7. | Wipro Limited | 64,500.00 |
| 8. | ICICI Prudential Life Insurance Company Limited | 64,300.00 |
| 9. | State Bank of India | 54,500.00 |
| 10. | Punjab National Bank | 51,690.00 |
| | **Total** | **806,997.56** |

*^On the basis of PAN of the Debenture holder, consolidating their holdings under different schemes, where applicable.*

**8. Long term debt to equity ratio***

*(₹ in lakhs)*

| Particulars | Prior to the Issue (as of September 30, 2018) | Post-Issue* |
|---|---|---|
| **Debts** | | |
| Short term debts (A) | 9,04,365.76 | 9,04,365.76 |
| Long term debts | | |
| – maturity beyond 1 year | 26,92,664.00 | 36,92,664.00 |
| – maturity within 1 year | 10,52,540.20 | 10,52,540.20 |
| Total Long term debts (B) | 37,45,204.20 | 47,45,204.20 |
| **Total debts (C)** | 46,49,569.96 | 56,49,569.96 |
| **Shareholders' fund** | | |
| Share capital | 12,291.44 | 12,291.44 |
| Reserves and surplus excluding revaluation reserve | 9,85,687.12 | 9,85,687.12 |
| **Total shareholders' funds (D)** | 9,97,978.56 | 9,97,978.56 |
| **Long term debt/ equity (B/D)** | 3.75 | 4.75 |
| **Total debt/ equity(C/D)** | 4.66 | 5.66 |

**Any change in total debt and net worth after September 30, 2018 has not been considered.*
*The debt to equity ratio post the Issue (assuming subscription of ₹ 10,000 crores) would be 5.66 times,*
*The actual debt equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.*

**9.** Statement of the aggregate number of securities of our Company and its Subsidiaries purchased or sold by our Promoter and the directors of our Promoter, our Directors and/or their relatives within six months immediately preceding the date of filing this Draft Shelf Prospectus:

| Date of purchase or sale | Nature of security | Name | No of securities | Nature of Transaction: Purchased/ Sold | Number of securities held pre-transcation | Number of securities held post-transcation | Value |
|---|---|---|---|---|---|---|---|
| 21st August, 2018 | Equity Shares | Mr. Ramesh Iyer Vice-Chairman & Managing Director | 10,000 | Sold | 7,78,029 | 7,68,029 | Rs. 48,20,600 |
| 28th August, 2018 | Equity Shares | Mr. Ramesh Iyer Vice-Chairman & Managing Director | 10,000 | Sold | 7,68,029 | 7,58,029 | Rs. 47,77,300 |

**10.** None of the Equity Shares are pledged or otherwise encumbered by the Promoter

**11.** There has been no change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI).

**12.** Details of any acquisition or amalgamation in the last one year: NIL

**13.** Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Draft Shelf Prospectus.

**14.** For details of the outstanding borrowing of our Company, please see the section titled "***Financial Indebtedness***" on page 147 of this Draft Shelf Prospectus.

## 15. Employee Stock Option Scheme:

Our Company has formulated two employee stock option schemes titled "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2005" ("**ESOS-2005**") and Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010" ("**ESOS-2010**"). Both the schemes in accordance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (the "SEBI ESOP Guidelines"). The ESOS-2005 was authorized pursuant to a special resolution passed by the shareholders of our Company and Board Resolution dated October 24, 2005 while the ESOS-2010 has been authorized *vide*, Board resolution dated October 22, 2010 and resolution passed by Shareholders of our Company by means of postal ballot dated September 18, 2010.

The purpose of the ESOS-2005 is to provide the employees with an additional incentive in the form of options to receive the equity shares of our Company at a future date. The ESOS-2005 is aimed at further motivating, and retaining the employees and thereby increasing the profitability of our Company. During the FY 2017-18, no options have been granted nor exercised under ESOS-2005.

The purpose of the ESOS-2010 is not merely to have another kind of remuneration. The objective is also to use the scheme as a business strategy to enhance our Company's profitability by providing equity linked incentive to employees, so that the employees keep exploring possibilities of increasing the revenue, saving costs and enhancing the profits our Company.

As on date the ESOP Trust 2005 and ESOP Trust 2010 holds 7,85,275 and 24,07,767 Equity Shares, respectively. The details are as follows:

| Particulars | Scheme 2005 | Scheme 2010 |
|---|---|---|
| Options Outstanding on April 1, 2018 | NIL | 10,83,987 |
| Add: Options Granted during the period / year | NIL | NIL |
| Less: Options forfeited / lapsed during the period / year | NIL | 4,749 |
| Less: Options exercised during the period/year | NIL | 94,951 |
| Options Outstanding as on September 30, 2018 | NIL | 9,84,287 |
| Less: Options vested but not exercised on September 30, 2018 | NIL | 1,02,680 |
| Options Unvested | NIL | 8,81,607 |

## OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), estimated to be approximately ₹ [●] lakhs, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. For the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital; and
2. General corporate purposes;

The main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The issue is being made pursuant to the provisions of the SEBI Debt Regulations, the Companies Act and rules made thereunder as amended to the extent notified.

The details of the Proceeds of the Issue are set forth in the following table:

***(₹ in lakhs)***

| Sr. No. | Description | Amount |
|---|---|---|
| 1. | Gross Proceeds of the Issue | As mentioned in the relevant Tranche Prospectus |
| 2. | Issue Related Expenses | As mentioned in the relevant Tranche Prospectus |
| 3. | Net Proceeds | As mentioned in the relevant Tranche Prospectus |

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

**Requirement of funds and Utilisation of Net Proceeds**

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

| Sr. No. | Objects of the Fresh Issue | Percentage of amount proposed to be financed from Issue Proceeds |
|---|---|---|
| 1. | Onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital | At least 75% |
| 2. | General Corporate Purposes* | up to 25% |
| | **Total** | **100%** |

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

**Issue related expenses**

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses for the Issue Size of ₹ 10,000 crores (assuming the full subscription) are as follows:

***(₹In lakhs)***

| Activity | Expenses | % of Issue Size of ₹10,000 crores |
|---|---|---|
| Fees paid to the Lead Managers, selling and brokerage commission & commission/processing fees to SCSBs* | As disclosed in the relevant Tranche Prospectus | As disclosed in the relevant Tranche Prospectus |

| | | |
|---|---|---|
| Advertising and marketing expenses | As disclosed in the relevant Tranche Prospectus | As disclosed in the relevant Tranche Prospectus |
| Printing and stationery | As disclosed in the relevant Tranche Prospectus | As disclosed in the relevant Tranche Prospectus |
| Others (Debenture Trustee Fees, Registrar Fee, Credit Rating Fee, Legal Fees, Stamp Duty & Registration expense etc.) | As disclosed in the relevant Tranche Prospectus | As disclosed in the relevant Tranche Prospectus |
| **Total** | As disclosed in the relevant Tranche Prospectus | As disclosed in the relevant Tranche Prospectus |

**SCSBs would be* entitled *to a processing fee of ₹15/- per Application Form (exclusive of applicable taxes) for processing the Application Forms procured by the Members of Syndicate or registered brokers and submitted to SCSB.*

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors

**Funding plan**

NA

**Summary of the project appraisal report**

NA

**Schedule of implementation of the project**

NA

**Interim Use of Proceeds**

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high-quality interest-bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

**General Corporate Purposes**

Our Company intends to deploy up to 25% of the amount raised and allotted in the Issue for general corporate purposes, including but not restricted to routine capital expenditure, renovations, strategic initiatives, meeting any expenditure in relation to our Company as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by the Board of Directors.

**Monitoring of Utilization of Funds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2018-19, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

**Details regarding lending done out of the issue proceeds of previous public issues**

The issue proceeds from previous public issue of unsecured, subordinated, redeemable, non-convertible

debentures in Fiscal 2017 and Fiscal 2018 were utilized towards, refinancing the existing indebtedness of our Company and general corporate purposes.

**Other Confirmation**

In accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company and our subsidiaries.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter.

The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

The Issue Proceeds from NCDs allotted to Banks will not be utilized for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.

All monies received out of the Issue shall be credited/ transferred to a separate bank account maintained with a Scheduled Bank as referred to in section 40(3) of the Companies Act 2013.

Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall utilize the Issue proceeds only upon execution of Debenture Trust Deed, receipt of the listing and trading approval from the Stock Exchange(s) as stated in this Draft Shelf Prospectus in the section titled "***Issue Related Information***" beginning on page 205 of this Draft Shelf Prospectus.

No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.

Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

**Variation in terms of contract or objects in Draft Shelf Prospectus**

Our Company shall not, in terms of Section 27 of the Companies Act 2013, at any time, vary the terms of a contract referred to in the Draft Shelf Prospectus or objects for which the Draft Shelf Prospectus is issued, except subject to the approval of, or except subject to an authority given by the shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

## STATEMENT OF TAX BENEFITS

To

**The Board of Directors**
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor
Dr. G M. Bhosale Marg, Worli
Mumbai - 400 018

Dear Sirs,

**Statement of Possible Tax Benefits available to the debenture holders of Mahindra & Mahindra Financial Services Limited (the 'Company') in connection with the proposed Issue of secured and / or unsecured, subordinated redeemable, non-convertible debentures ("NCDs") of face value Rs. 1,000 each, aggregating up to Rs. 10,000 crores (Rupees Ten Thousand crores only), in one or more tranches (the 'Proposed Issue').**

We, B S R & Co. LLP, Chartered Accountants, hereby report that the enclosed statement states the possible tax benefits available to the debenture holders of the Company under the Income-tax Act, 1961 (amended by The Finance Act, 2018), presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives it faces in the future, it may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

i) the debenture holders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**Yours faithfully,**

**For B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration Number: 101248W/W-100022

**Milind Ranade**
*Partner*
Membership No: 100564
Date: 5 November 2018

## ANNEXURE: STATEMENT OF TAX BENEFITS

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)**

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested[1], in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

### A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

### I. *To the Resident Debenture Holder*

*Interest on NCD*

1. Interest received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the rate of 10% at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

   (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under. (w.e.f. 01.06.2008).

   (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

   (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

   (d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the nature of income referred in section 197(1) or section 197(1A) such as dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India etc. as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

To illustrate, as on 01.04.2018 -

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000;

[1] Refer Section 2(18)(b)(B) of the I.T. Act.

- in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 3,00,000; and

- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 for Financial Year 2018-19.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3,50,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

*Classification of gains on transfer*

3. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

*Capital gains and other general provisions*

4. As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases, it is 36 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

5. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax would also apply to such short term capital gains.

6. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

**II *To Mutual Funds***

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

**III. *To the Foreign Institutional Investors (FIIs/FPIs)***

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/FPIs[2] which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified[3] by the Government. In the regular course, interest is subject to tax at the rate of 20%

4. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs/FPIs.

**IV *To the Non-resident Indian Debenture Holder – Special provisions***

1. A non-resident Indian has ***an option*** to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

   *Interest on NCD and capital gains on transfer*

[2] The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

[3] Refer Notification No. 56/2013 [F.No.149/81/2013-TPL]/SO 2311(E), dated 29-7-2013. As per the said Notification, in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds.

(a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

*Exemption from long-term capital gains*

(b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

*Others relaxations*

(c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

(d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian ***may opt not to be governed*** by the provisions of Chapter XII-A of the I.T. Act. In that case, the general provisions applicable to non-residents would apply.

**V. *To Non-resident Debenture Holder –General***

1. Under the general provisions applicable to non-resident investors, the applicable tax rates are as under:

(a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

(b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

2. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.

3. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains.

Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

4. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.

5. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) / 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.

6. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

**VI. *General Anti-Avoidance Rule ('GAAR)***

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be interalia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

**VII. *Exemption under Sections 54EE and 54F of the I.T. Act***

Exemptions may be claimed from taxation of LTCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions. The following exemptions may be available to the debentureholders:

(a) Section 54EE of the Act exempts long-term capital gains on transfer of long term capital assets if the gains upto Rs.50 lakhs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

(b) Section 54F of the Act exempts long-term capital gains on transfer of shares, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines.

**VIII. *Requirement to furnish PAN under the I.T. Act***

1. *Sec.139A(5A)*

Section 139A(5A) requires every person from whose income tax is to be deducted at source to furnish his PAN to the person responsible for deduction of tax at source.

2. *Sec.206AA*

(a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

(b) at the rate in force specified in the relevant provision of the I.T. Act; or

(c) at the rate of **twenty per cent**

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the I.T Act shall not apply on payments made to non-resident deductees who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia name, email-ID, contact number, certificate of his being resident in that country and Tax Identification Number (TIN).

(d) A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.

(e) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from any penal consequences.

**XI. *Taxability of Gifts received for nil or inadequate consideration***

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April 2017:

(i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated on section 56(2)(x) of the Act.

**X. *General Tax Rates (relevant for computing tax on short term capital gains)***

Rates applicable to different categories of assesses:

(a) The slab rates applicable to individuals/HUF/Association of Persons (AOP)/Body of Individuals (BOI)/ Artificial Juridical Person are as under:

| Slabs | % of Income Tax |
|---|---|
| Up to Rs. 2.5 lakhs (Basic exemption limit) | NIL |
| From Rs. 2.5 lakhss to Rs. 5 lakhs | 5% of the amount by which the total income exceeds Rs. 2.5 lakhs |
| From Rs. 5 lakhs to Rs. 10 lakhs | Rs. 12,500 plus 20% of the amount by which the total income exceeds Rs. 5 lakhs |
| Above Rs. 10 lakhs | Rs. 1,12,500 plus 30% of the amount by which the total income exceeds Rs. 10 lakhs. |

Basic exemption limit for resident senior citizens of 60 years but below 80 years of age is Rs. 3 lakhs and for resident senior citizens of 80 years of age or more is Rs. 5 lakhs.

An individual resident, whose total income does not exceed Rs. 500,000 (Rs. 3,50,000 w.e.f. 1 April 2018), shall be eligible for a rebate of amount of income-tax payable on the total income for any assessment year <u>or</u> Rs 2500, whichever is less.

(b) Rates applicable to other categories of assesses:

| Assessee | % of Income Tax |
|---|---|
| Partnership Firms | 30% |
| Indian Corporates | 30%* |
| Foreign Company | 40% |

*The Finance Act, 2018, provides that where the total turnover or the gross receipt of the domestic company does not exceed Rs. 250 crores in the previous year 2016-17, the rate of income tax is 25%.

***Surcharge and cess***
The rates of surcharge applicable to various assessees are provided as under:

| Particulars | If total income does not exceed Rs. 50 lakh | If total income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 crore | If total income exceeds Rs. 1 crore |
|---|---|---|---|
| Individuals/HUF/ AOP/ BOI/ Artificial Juridical Person | Nil | 10% | 15% |

| Particulars | If total income does not exceed Rs. 1 crore | If total income exceeds Rs. 1 crore but doesn't exceed Rs. 10 crore | If total income exceeds Rs. 10 crore |
|---|---|---|---|
| Domestic Company | Nil | 7% | 12% |
| Other than Domestic Companies | Nil | 2% | 5% |

In case of Firms [including Limited Liability Partnership ('LLP')] and Local Authority, surcharge will be applicable at the rate of 12% if income exceeds Rs. 1 crore.

Over and above the surcharge, 'Health and Education Cess' at the rate of 4% on tax including surcharge is payable by all taxpayers persons.

## 1 B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years. There is, therefore, no wealth tax obligation arising out of the investment in debentures.

## 2 *Notes*

1. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957(collectively referred to as 'direct tax laws') and does not cover benefits under any other law.

2. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2019-20 (considering the amendments made by Finance Act, 2018).

4. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.

5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile. For taxes paid in India, the same could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.

7. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION IV-ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

*The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third-party sources, including Society of Indian Auto Manufacturers, CRISIL Research as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information may not be consistent with other information compiled by third parties within or outside India. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Draft Shelf Prospectus. Accordingly, investment decisions should not be based on such information. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or the Lead Managers or any of its advisors, and should not be relied on as if it had been so verified.*

### Global Economy

Global growth for 2018–19 is projected to remain steady at its 2017 level, but its pace is less vigorous than projected in April and it has become less balanced. Downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. Global growth is projected at 3.7 percent for 2018–19—0.2 percentage point lower for both years than forecast in April. The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September, as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. Beyond the next couple of years, as output gaps close and monetary policy settings begin to normalize, growth in most advanced economies is expected to decline to potential rates well below the averages reached before the global financial crisis of a decade ago. Medium-term prospects remain generally strong in emerging Asia but subpar in some emerging market and developing economies, especially for per capita growth, including in commodity exporters that continue to face substantial fiscal consolidation needs or are mired in war and conflict.

The balance of risks to the global growth forecast has shifted to the downside in a context of elevated policy uncertainty. Several of the downside risks highlighted in the April 2018 World Economic Outlook (WEO)—such as rising trade barriers and a reversal of capital flows to emerging market economies with weaker fundamentals and higher political risk—have become more pronounced or have partially materialized. Meanwhile, the potential for upside surprises has receded, given the tightening of financial conditions in some parts of the world, higher trade costs, slow implementation of reforms recommended in the past, and waning growth momentum. While financial market conditions remain accommodative in advanced economies, they could tighten rapidly if trade tensions and policy uncertainty intensify, or unexpectedly high inflation in the United States triggers a stronger-than-anticipated monetary policy response. Tighter financial conditions in advanced economies could cause disruptive portfolio adjustments, sharp exchange rate movements, and further reductions in capital inflows to emerging markets, particularly those with greater vulnerabilities. The recovery has helped lift employment and income, has strengthened balance sheets, and has provided an opportunity to rebuild buffers. However, with risks shifting to the downside, there is greater urgency for policies to enhance prospects for strong and inclusive growth. Avoiding protectionist reactions to structural change and finding cooperative solutions that promote continued growth in goods and services trade remain essential to preserving and extending the global expansion.

At a time of above-potential growth in many economies, policymakers should aim to enact reforms that raise medium-term incomes for the benefit of all. With shrinking excess capacity and mounting downside risks, many countries need to rebuild fiscal buffers and strengthen their resilience to an environment in which financial conditions could tighten suddenly and sharply.

*Global Growth Outlook*

Global growth is expected to remain steady at 3.7 percent in 2020, as the decline in advanced economy growth with the unwinding of the US fiscal stimulus and the fading of the favorable spillovers from US demand to trading partners is offset by a pickup in emerging market and developing economy growth. Thereafter, global growth is projected to slow to 3.6 percent by 2022–23, largely reflecting a moderation in advanced economy growth toward the potential of that group. Growth in advanced economies will remain well above trend at 2.4 percent in 2018, before softening to 2.1 percent in 2019.

Overview of the World Economic Outlook Projections

(percent change, unless noted otherwise)

| | Year over Year | | | | Q4 over Q4[7] | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Projections | | | | Projections | |
| | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 |
| **World Output** | **3.3** | **3.7** | **3.7** | **3.7** | **3.2** | **4.0** | **3.5** | **3.8** |
| **Advanced Economies** | **1.7** | **2.3** | **2.4** | **2.1** | **2.0** | **2.5** | **2.3** | **1.9** |
| United States | 1.6 | 2.2 | 2.9 | 2.5 | 1.9 | 2.5 | 3.1 | 2.3 |
| Euro Area | 1.9 | 2.4 | 2.0 | 1.9 | 2.0 | 2.7 | 1.7 | 1.9 |
| Germany | 2.2 | 2.5 | 1.9 | 1.9 | 1.9 | 2.8 | 1.9 | 1.6 |
| France | 1.1 | 2.3 | 1.6 | 1.6 | 1.2 | 2.8 | 1.3 | 1.7 |
| Italy | 0.9 | 1.5 | 1.2 | 1.0 | 1.0 | 1.6 | 0.8 | 1.3 |
| Spain | 3.2 | 3.0 | 2.7 | 2.2 | 2.9 | 3.0 | 2.5 | 2.1 |
| Japan | 1.0 | 1.7 | 1.1 | 0.9 | 1.5 | 2.0 | 1.0 | –0.3 |
| United Kingdom | 1.8 | 1.7 | 1.4 | 1.5 | 1.7 | 1.3 | 1.5 | 1.4 |
| Canada | 1.4 | 3.0 | 2.1 | 2.0 | 2.0 | 3.0 | 2.1 | 1.9 |
| Other Advanced Economies[2] | 2.3 | 2.8 | 2.8 | 2.5 | 2.6 | 2.9 | 2.8 | 2.4 |
| **Emerging Market and Developing Economies** | **4.4** | **4.7** | **4.7** | **4.7** | **4.4** | **5.2** | **4.6** | **5.3** |
| Commonwealth of Independent States | 0.4 | 2.1 | 2.3 | 2.4 | 1.0 | 1.7 | 2.2 | 2.3 |
| Russia | –0.2 | 1.5 | 1.7 | 1.8 | 0.8 | 1.2 | 2.1 | 1.9 |
| Excluding Russia | 2.0 | 3.6 | 3.9 | 3.6 | ... | ... | ... | ... |
| Emerging and Developing Asia | 6.5 | 6.5 | 6.5 | 6.3 | 6.3 | 6.7 | 6.2 | 6.5 |
| China | 6.7 | 6.9 | 6.6 | 6.2 | 6.8 | 6.8 | 6.4 | 6.2 |
| India[3] | 7.1 | 6.7 | 7.3 | 7.4 | 6.1 | 7.7 | 6.5 | 7.9 |
| ASEAN-5[4] | 4.9 | 5.3 | 5.3 | 5.2 | 4.8 | 5.4 | 5.1 | 5.6 |
| Emerging and Developing Europe | 3.3 | 6.0 | 3.8 | 2.0 | 3.8 | 6.1 | 0.9 | 4.0 |
| Latin America and the Caribbean | –0.6 | 1.3 | 1.2 | 2.2 | –0.8 | 1.7 | 0.5 | 2.8 |
| Brazil | –3.5 | 1.0 | 1.4 | 2.4 | –2.4 | 2.2 | 1.7 | 2.5 |
| Mexico | 2.9 | 2.0 | 2.2 | 2.5 | 3.3 | 1.6 | 2.2 | 3.0 |
| Middle East, North Africa, Afghanistan, and Pakistan | 5.1 | 2.2 | 2.4 | 2.7 | ... | ... | ... | ... |
| Saudi Arabia | 1.7 | –0.9 | 2.2 | 2.4 | 2.1 | –1.4 | 3.5 | 2.1 |
| Sub-Saharan Africa | 1.4 | 2.7 | 3.1 | 3.8 | ... | ... | ... | ... |
| Nigeria | –1.6 | 0.8 | 1.9 | 2.3 | ... | ... | ... | ... |
| South Africa | 0.6 | 1.3 | 0.8 | 1.4 | 1.0 | 1.9 | 0.5 | 0.9 |
| *Memorandum* | | | | | | | | |
| European Union | 2.0 | 2.7 | 2.2 | 2.0 | 2.1 | 2.8 | 1.9 | 2.1 |
| Low-Income Developing Countries | 3.6 | 4.7 | 4.7 | 5.2 | ... | ... | ... | ... |
| Middle East and North Africa | 5.2 | 1.8 | 2.0 | 2.5 | ... | ... | ... | ... |

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during July 17–August 14, 2018. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

[2]Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

[3]For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

[4]Indonesia, Malaysia, Philippines, Thailand, Vietnam

*(Source: https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018)*

**Overview of the Indian Economy**

India's growth is expected to increase to 7.3 percent in 2018 and 7.4 percent in 2019 (slightly lower than in the April 2018 World Economic Outlook [WEO] for 2019, given the recent increase in oil prices and the tightening of global financial conditions), up from 6.7 percent in 2017. This acceleration reflects a rebound from transitory shocks (the currency exchange initiative and implementation of the national Goods and Services Tax), with strengthening investment and robust private consumption. India's medium-term growth prospects remain strong at 7¾ percent, benefiting from ongoing structural reform.

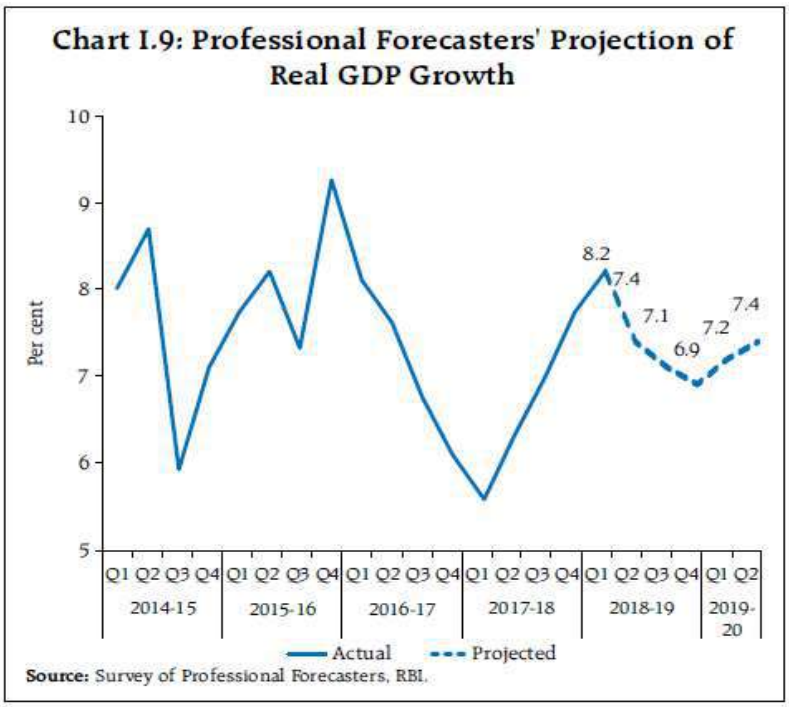
*(Source: https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018)*

***The Outlook for Growth***

The April 2018 MPR had projected an acceleration in real gross domestic product (GDP) growth in 2018-19 on the back of: (a) the goods and services tax (GST) stabilising; (b) improving credit offtake; (c) likely boost to investment from primary market resource mobilisation; (d) the process of recapitalisation of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC); (e) buoyant global trade; and (f) the thrust to the rural and infrastructure sectors in the Union Budget 2018-19. Most of these have materialised, but to varying extent. However, global trade growth, as stated earlier, seems to be losing its synchronised momentum and this may hinder India's export prospects. The uneven spatial distribution of the south-west monsoon is another factor that has also imparted some uncertainty to the agricultural outlook and inflation.

Turning to forward-looking surveys, consumer confidence over the year ahead improved marginally in the September 2018 round of the Reserve Bank's survey, reflecting an optimism on incomes and prices. Optimism in the manufacturing sector for the quarter ahead improved in the September 2018 round of the Reserve Bank's industrial outlook survey on account of higher order books and selling prices.

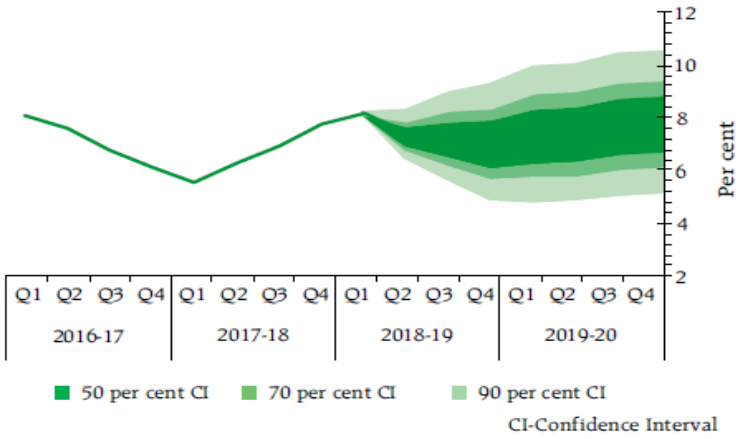
In the September round of the Reserve Bank's survey, professional forecasters expected real GDP growth to decelerate from 8.2 per cent in Q1:2018-19 to 6.9 per cent in Q4 and then recover to 7.4 per cent in Q2:2019-20 (Chart I.9).




Taking into account the baseline assumptions, monetary policy tightening of 50 bps during June-August 2018, survey indicators and model forecasts, real GDP growth is projected to improve from 6.7 per cent in 2017-18 to 7.4 per cent in 2018-19 – 8.2 per cent in Q1, 7.4 per cent in Q2, 7.3 per cent in Q3 and 7.1 per cent in Q4 – with

risks broadly balanced around this baseline path (Chart I.10). For 2019-20, structural model estimates indicate real GDP growth at 7.6 per cent, with quarterly growth rates in the range of 7.4-7.9 per cent, assuming a normal monsoon and no major exogenous or policy shocks. Strengthening investment activity and a further pick-up in credit growth impart an upside bias to the baseline growth projections. However, recent protectionist measures by major economies, threats of currency wars and the uncertainty associated with the pace of monetary policy normalisation in the US and other major advanced economies pose downside risks to the baseline growth path.

**Chart I.10: Projection of Growth in Real GDP (y-o-y)**




**Note:** The fan chart depicts uncertainty around the baseline projection path. The baseline projections are conditioned upon the assumptions set out in Table I.2. The thick green shaded area represents 50 per cent confidence interval, implying that there is 50 per cent probability that the actual outcome will be within the range given by the thick green shaded area. Like-wise, for 70 per cent and 90 per cent confidence intervals, there is 70 per cent and 90 per cent probability, respectively, that the actual outcomes will be in the range represented by the respective shaded areas.
**Source:** RBI staff estimates.

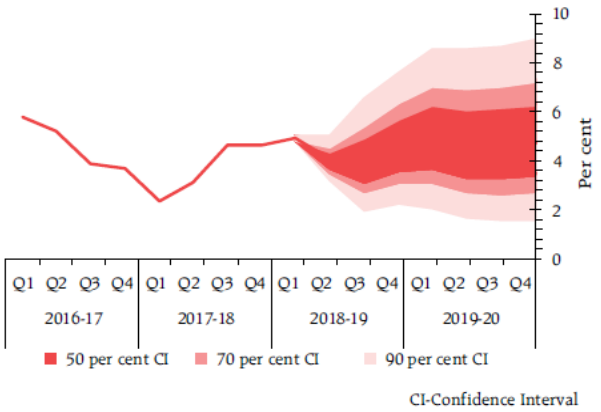
*(Source:https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR20181903C4178AD08947D5A2BD6C315B3F121C.PDF)*

***The Outlook for Inflation***

Headline consumer price index (CPI) inflation averaged 4.4 per cent during 2018-19 up to August [4.1per cent, excluding the estimated impact of house rent allowances (HRAs) for central government employees]. A broad-based uptick in inflation in respect of prices of fuel, transportation, personal care/effects, education and health services was largely offset by the unexpectedly and unseasonally benign food inflation.

Inflation expectations of urban households surveyed by the Reserve Bank exhibited a mixed picture in its September 2018 round2: they increased by 50 bps over the previous round for the three months ahead horizon and softened by 30 bps for the one year ahead horizon. The proportion of respondents expecting the general price level to increase by more than the current rate, however, declined marginally in the September round for the three months ahead horizon and was almost unchanged for the one year ahead horizon.

Professional forecasters surveyed by the Reserve Bank in September 2018 expected CPI inflation to fall from 4.8 per cent in Q1:2018-19 to 4.1 per cent in Q3 and then pick up to 5.1 per cent by Q2:2019-20. Taking into account the initial conditions, signals from forward-looking surveys and estimates from structural and other models5, CPI inflation is projected to pick up from 3.7 per cent in August 2018 to 3.9 per cent in Q3:2018-19 and 4.5 per cent in Q4:2018-19, with risks somewhat tilted to the upside (Chart I.6). The projected increase in inflation from current levels reflects the waning away of favourable base effects and anticipates the feeding through of the impact of the increase in MSPs into retail inflation. The direct impact of the increase in HRA by central government has started waning and will fade away completely by December 2018. Excluding the estimated impact of HRA for central government employees, CPI inflation is projected at 3.8 per cent in Q3:2018-19 and 4.5 per cent in Q4:2018-19. The 50 per cent and the 70 per cent confidence intervals for headline inflation in Q4:2018-19 are 3.6-5.7 per cent and 3.1-6.4 per cent, respectively.




**Note:** The fan chart depicts uncertainty around the baseline projection path. The baseline projections are conditioned upon the assumptions set out in Table I.2. The thick red shaded area represents 50 per cent confidence interval, implying that there is 50 per cent probability that the actual outcome will be within the range given by the thick red shaded area. Like-wise, for 70 per cent and 90 per cent confidence intervals, there is 70 per cent and 90 per cent probability, respectively, that the actual outcomes will be in the range represented by the respective shaded areas.
**Source:** RBI staff estimates.

For 2019-20, structural model estimates indicate that inflation will move in a range of 4.5-4.8 per cent, assuming a normal monsoon and no major exogenous/policy shocks. The 50 per cent and the 70 per cent confidence intervals for Q4:2019-20 are 3.4-6.3 per cent and 2.7-7.2 per cent, respectively.

There are upside and downside risks to the baseline inflation path. As stated earlier, the announced increase in MSPs for kharif crops has been much bigger than in the recent past, but there is considerable uncertainty about the exact impact of the scale and timing of government procurement operations. Other upside risks in the context of the baseline projection include supply disruptions in the global crude oil market, volatility in international financial markets and second round effects of the staggered HRA revisions by state governments. A major downside risk to the baseline could be decline in demand for oil due to global growth slowdown on account of rising trade tensions, which may help bring down oil prices.

*(Source:https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR20181903C4178AD08947D5A2BD6C315B3F121C.PDF)*

**Retail Finance – Auto**
***Source: CRISIL Research Retail Finance – Auto report, published in Aug 2018***

CRISIL Research expects Fiscal 2019 to be a good year for disbursement growth. Improved rural sentiment, low PV penetration and increasing affordability will drive PV disbursements. CV disbursement would be supported by improvement in the economy, resulting in increased demand from roads and mining.

**Two-wheeler finance to be the fastest growing segment over the next 5 years, followed by PV finance**

- Increase in addressable households along with improvement in the economy and government focus on increasing rural income will support growth in two-wheeler sales, thus supporting growth in disbursements. Additionally, finance penetration in the two-wheeler segment remains low and is expected to grow 4-5% over next five years

- Low passenger vehicles (PV) penetration in the country provides significant scope for growth. Increasing urbanisation, finance commission pay-outs, expanding working population and improvement in road infrastructure will support PV sales

- With financiers increased focus on Tier 2 and 3 cities, finance penetration is set to increase. Better credit monitoring and availability of credit bureau data will help financiers to expand their customer base.

- Increased information on customers will also help financiers to offer higher loan to value (LTV) to them

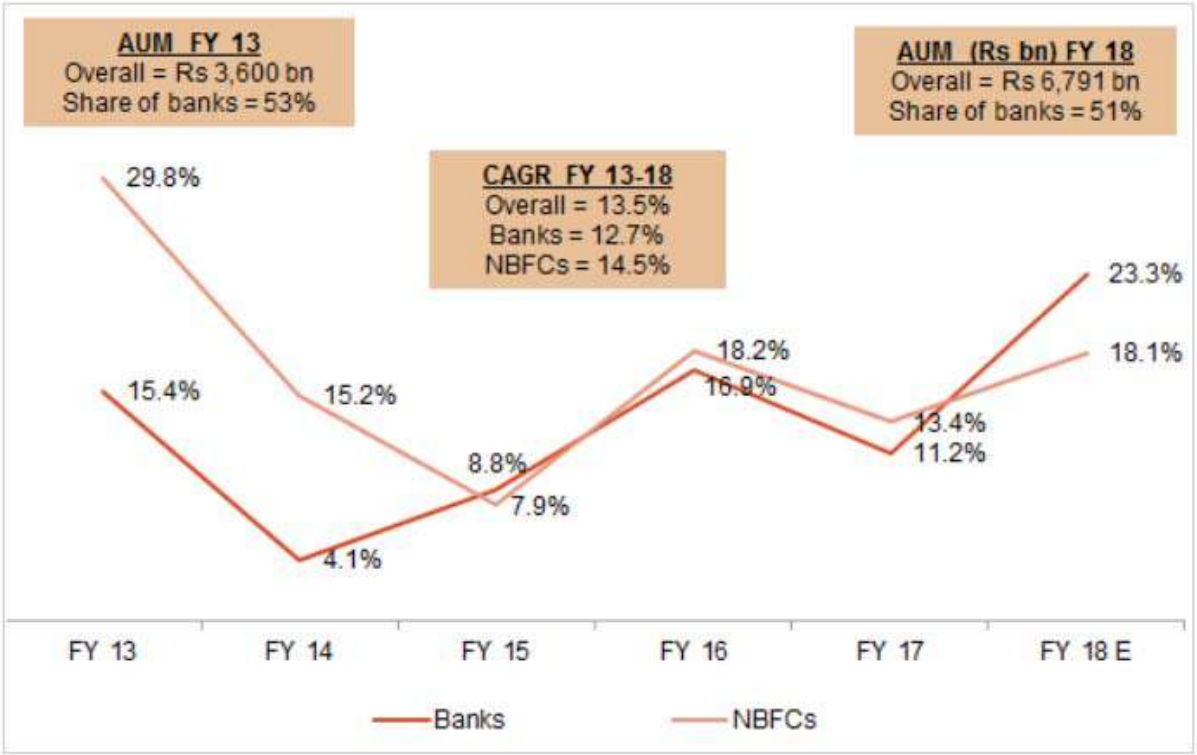
- Safety regulations and emission norms will support increase in vehicle prices going forward

- Improvement in economy and high investment in infrastructure are expected to drive sales of commercial vehicles

Segment-wise growth in disbursement
*Source: CRISIL Research*

| | FY 13 disbursements (Rs bn) | CAGR FY 13 - FY 18 | FY 18 disbursements (Rs bn) | CAGR FY 18 - FY 23 | FY 23 disbursements (Rs bn) |
|---|---|---|---|---|---|
| Passenger vehicle | 753 | 11% | 1,272 | 15% | 2,612 |
| Commercial vehicle | 452 | 8% | 652 | 10% | 1,064 |
| Two wheelers | 123 | 17% | 269 | 17% | 588 |
| Three wheelers | 70 | 7% | 98 | 8% | 142 |
| Total (Rs bn) | 1,398 | 10% | 2,291 | 14% | 4,406 |

NBFC's gained market share in last five years




*Note: FY 18 numbers are estimated*
*Source: RBI, Company reports, CRISIL Research*

**Profitability for NBFCs expected to improve, mainly supported by fall in credit costs**

- Average cost of funds for auto financiers expected to increase by 20-30 bps in fiscal 2019; NBFCs to see higher increase

- PV finance segment to see a fall in profitability with increasing cost of funds combined with high competition intensity

- In the CV finance segment, profitability of banks is expected to remain stable as spread are expected to remain stable despite increase in cost of funds.

- In CV finance, ability of NBFCs to pass on increase in cost of funds to customers and fall in credit costs, will help them improve margins marginally.

- In two- and three-wheeler segments, profitability of NBFCs to improve with falling credit costs; banks' profitability will decline marginally on account of fall in spread

**Car, UV finance market to register healthy growth over next five years**
***Source: CRISIL Research Retail Finance – Auto report, published in Jul 2018***

Benign interest rates, lower inflation, upward revision of vehicle prices from April 2017 will aid growth in auto loan disbursements. CRISIL Research expects the growth trend to continue in the long term as well, led by faster growth in disposable income.

*Improving economic scenario, strong rural sentiment, new model launches to drive growth*

Loan disbursement for passenger vehicles (PVs) grew ~19% in fiscal 2018 mainly supported by a 29% disbursement growth in the utility vehicle (UV) segment. The disbursement growth in the car segment was low at 8%. Banks' increased focus on the retail segment, benign interest rates, healthy sales growth (~ 16%) in the UV segment and 8% growth in average prices supported the disbursement growth in fiscal 2018.
The disbursement is expected to grow at a CAGR of 16% over next two years and is expected to reach ~ Rs 1,724 billion by fiscal 2020.

- *Banks' focus on retail loans* - Financiers, especially the banks, have started waiving off processing fees and prepayment charges during festival season to attract customers.

- *Affordability to improve* - Higher gross domestic product growth (7.6% expected in fiscal 2019), Seventh Pay Commission payouts and higher agriculture output will increase disposable incomes and thereby automobile sales; The government has hiked the minimum support price (MSP) 1.5 times of production cost for kharif crops in fiscal 2019.

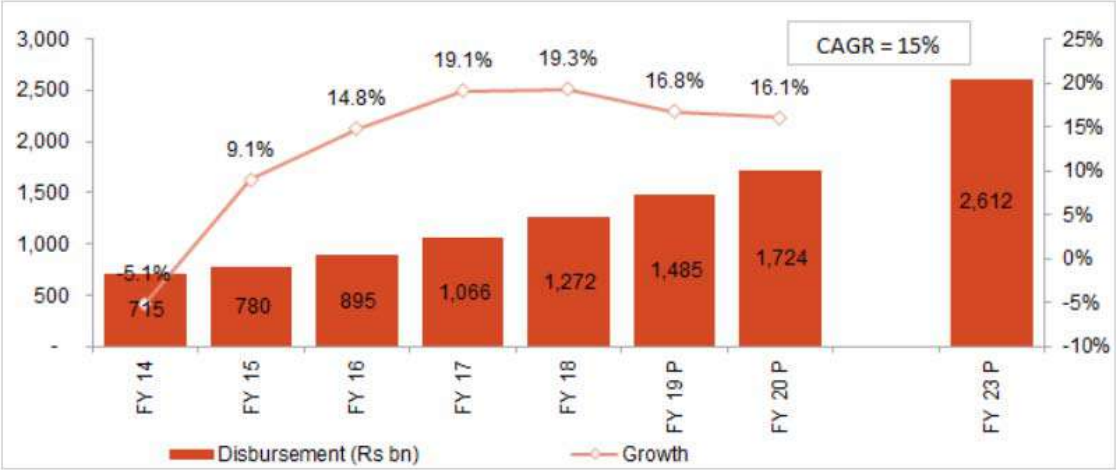
- *Indian market under-penetrated* - India is an under-penetrated market, with ~21 passenger vehicles per 1,000 people in fiscal 2018; The number is significantly lower than both developed as well as some developing nations; The number is likely to rise to 25-27 cars per 1,000 people by fiscal 2023.

- *Prices set to increase* - CRISIL Research expects the realisations of car manufacturers to increase 4-5% on-year this fiscal on account of manufacturers' drive towards premiumisation; Additionally, vehicle prices are expected to increase owing to safety regulations (such as mandatory installation of airbags, seat belt warning system, speed alert system, manual lock in anti-locking systems, etc.).

**New model launches will likely to attract buyers and contribute to PV sales growth; proportion of replacement demand is also expected to increase**

A few years ago vehicle manufacturers' upgraded models or introduced a new model every 3-4 years. With rising competition, easy financing and a burgeoning resale vehicle market; this cycle has shortened to 1.5-2 years. The proportion of replacement demand will rise as car owners opt for newer models due to higher affordability, competitively priced launches, and easy availability of finance.

Trend in growth of PV disbursements (Rs bn)




*Source: SIAM, CRISIL Research*

**Growth drivers: Passenger vehicle financing**

Low PV penetration in the country, improving affordability, new model launches, increase in prices and improvement in finance parameters to steer long-term disbursement growth. CRISIL Research expects PV finance disbursements to grow at ~15% CAGR over the next 5 years. The total finance market is expected to reach ~Rs 2,612 billion in fiscal 2023 from ~Rs 1,272 billion in fiscal 2018. Compliance with the BS-VI norms in fiscal 2021 would lead prices to rise sharply, adversely affecting sales, resulting in only marginal increase in disbursements that year.

Factors that will drive disbursement growth are

- Increasing affordability and low PV penetration provides significant opportunity for PV sales. Additionally rising urbanisation, finance commission payouts, expanding working population and improvement in road infrastructure will also support sales' growth.

- Increase in average price and increase in loan to value will result in an increase in average ticket size of loans

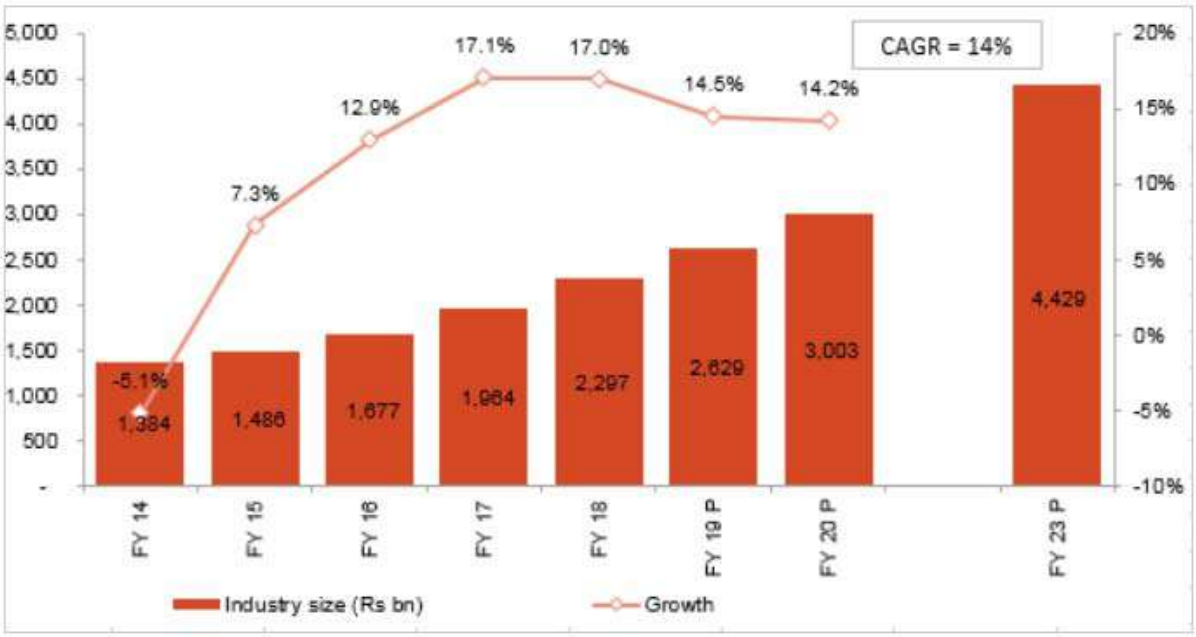
- improvement in finance penetration with financiers increased focus on tier II&III cities

- better credit monitoring and availability of credit bureau data will help players reduce delinquencies and expand their customer base

**Growth in Passenger vehicle industry**

The revenue of the Indian PV industry to have grown to Rs 2,297 billion in fiscal 2018, with a sales volume of ~34.5 lakhs vehicles. PV industry is expected to grow at a CAGR of ~14% over next five years to reach Rs 4,429 bn by fiscal 2023 with a sales volume of 52.8 lakhs units.

Growth in PV industry size




*P: Projected;*
*Source: SIAM, CRISIL Research*

- *Increasing affordability* - CRISIL Research expects the number of households that can afford a small car (addressable households) to rise at a CAGR of ~9-11% over next 5 years and will reach to 232 million households in fiscal 2023 from 142 million households in fiscal 2018.

- *Indian market under-penetrated* - India is an under-penetrated market, with ~21 passenger vehicles per thousand people in fiscal 2018. The number is significantly lower than both developed as well as some developing nations; Passenger vehicle penetration to 25-27 cars per thousand people by fiscal 2023.

- *Low PV penetration in the country provides substantial scope for sales growth*

- *Entry of new players in the country* - Entry of new players with new models to capitalise on the growth opportunity in India will also support the increase in PV penetration.

- *Fast paced infrastructure development to help clock better demand* - CRISIL Research expects investment in road projects to grow at a healthy pace between fiscals 2018 and 2023, led by the government's focus on infrastructure-related sectors. The improved infrastructure is likely to prompt more people to buy vehicles.

**CV loan disbursements to log robust growth in medium and long term**

Commerical vehicle (CV) finance disbursements showed strong signs of recovery in fiscal 2018, after flatlining in fiscal 2017 owing to demonetisation, CRISIL Research believes the industry is well back on the growth track, and is expected to stay on trajectory during the next 5 years.

Commercial vehicles (CV) loan disbursements de-grew at a compounded annual growth rate (CAGR) of 1.7% between fiscals 2012 and 2018, on account of 2.5% compounded annual decline in CV sales. In fiscal 2017, demonetisation induced cash crunch affected output and sales growth. On the other hand, advancement of purchases of BS III vehicles on the back of mandatory BS IV implementation (from April 1, 2017) offset the impact of demonetisation and sales grew 4% on-year.
In fiscal 2018, CV sales rebounded at a robust ~ 25% on year. That year, CV loans grew ~34%, driven by disbursement growth in both the segments i.e. light commercial vehicles (LCVs) as well as medium commercial vehicles (MHCVs).

- In the MHCVs segment, volume grew ~19%, driven by stricter implementation of overloading ban (especially in Rajasthan, Uttar Pradesh, Punjab, Jharkhand and Bihar). Higher discounts by players also aided growth. Average realisation growth was also healthy at 11% on account of implementation of BS-IV norms.

- LCVs sales grew ~29.5%, owing to availability of market load and redistribution freight. Demand from consumption-driven sectors, replacement demand, as well as rural demand improved significantly. Muted interest rates also supported sales growth. Realisation growth was just ~3.3%. Implementation of BS-IV norms in multiple states even before April 2017 resulted in comparatively lower increase in cost of ownership in LCVs compared with the MHCV segment.

- Improvement in finance penetration in LCVs and improvement in the loan-to-value (LTV) offered on MHCVs also supported CV disbursement growth in fiscal 2018.

**Growth drivers of CV financing**

The following factors will drive disbursement growth in the long term:

- As CV sales is closely aligned with economic cycles, expected improvement in economic growth will drive sales

- Shift towards higher tonnage vehicles and commissioning of dedicated freight corridors for railways might impact sales growth, and in turn, growth in disbursements

- Average prices are set to increase annually, supporting disbursement growth

- Better credit monitoring and availability of credit bureau data will help financiers reduce delinquencies and expand their customer base

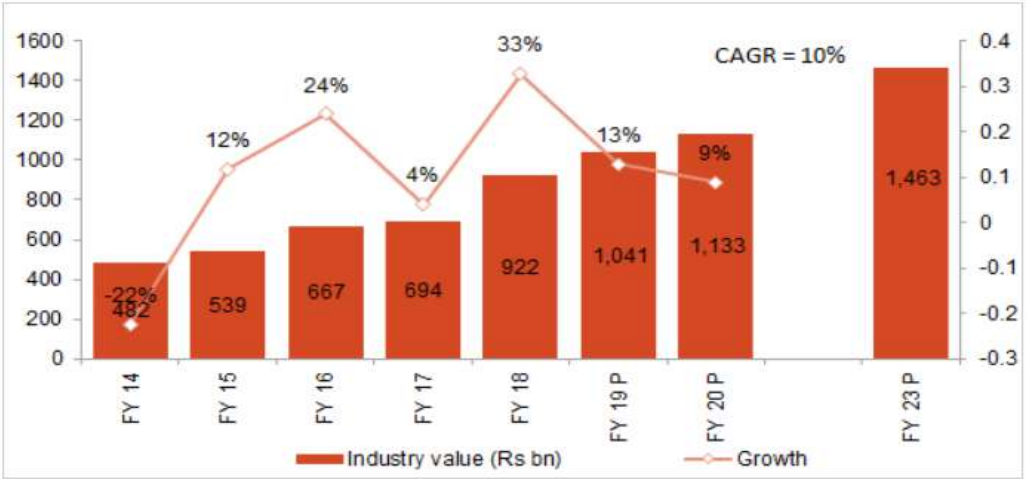
- LTV in the MHCV segment is expected to improve 2-3% over the next 5 years, on account of increasing competition and rising penetration of credit bureau data

- Finance penetration in the LCV segment is also expected to increase 1-2% in the next 5 years with expanding network of banks/NBFCs branches

- Finance penetration in MHCV is expected to remain stable, as it is already high.

The CV industry is expected to grow at ~10% CAGR over the next 5 years to reach Rs 1,463 billion by fiscal 2023 with a sales volume of 10.34 lakh units (MHCVs - 4.03 lakh units and LCVs - 6.31 lakh units).

Growth in the CV industry size




*P: Projected;*
*Source: SIAM, CRISIL Research*

**MHCV sales are expected to continue growing at a robust pace led by demand from road construction and higher infrastructure spend**

Over the next 5 years, it will be driven by improving industrial activity, steady agricultural output, and government's focus on infrastructure. However, better road infrastructure, post-GST efficiency, and the commissioning of dedicated freight corridors (DFCs) might impact sales growth.

- Focus on infrastructure and higher mining production to support CV demand
- Stricter implementation of overloading ban, GST-related efficiencies to boost higher tonnage vehicles demand
- Efficiency gains from better road infrastructure and GST would hence lead to better fleet utilisation and lower demand for MHCVs
- Commissioning of dedicated frieght coridor to restrict road freight growth, and hence, CV sales

**Two-wheeler financing**

The two-wheeler industry grew 15% in fiscal 2018 from 6% in previous fiscal, supported by improvement in the rural economy in a good monsoon year. Motorcycle sales (which accounts for nearly 63% of total two-wheeler sales) grew 14% due to good crop output, farm loan waiver in key states, and increase in minimum support prices (MSP). Scooters grew a strong 20% on the back of new model launches in 125cc segment, multi-ownership, and increasing rural penetration. Moped sales dipped 3% over a high base in fiscal 2018.

Scooters continue to gain popularity, as evidenced by the segment's increased share in total two-wheeler industry, from 21% in fiscal 2013 to 33% in fiscal 2018. Motorcycles accounted for 62% share in fiscal 2018, as compared to 73% in fiscal 2013.

Overall disbursements increased ~31% on-year in fiscal 2018, supported mainly by 15% growth in sales and 11% growth in average prices. Consumer preference has shifted significantly towards premium segment's vehicles mostly in urban areas.

CRISIL Research expects two-wheeler disbursements to grow 22% in fiscal 2019, to reach Rs 328 billion. The growth will mainly be supported by underlying sales growth of ~11% in fiscal 2019 and 4% growth in prices.

*Growth drivers: Two-wheeler financing*

CRISIL Research expects overall disbursements to increase at 19% CAGR between fiscals 2018 and 2020, and at 17% CAGR over the next five years. The total finance market is expected to reach ~Rs 588 billion in fiscal 2023 from ~Rs 270 billion in fiscal 2018. Compliance with BS-VI norms in fiscal 2021 would lead to sharp price rise and adversely affect sales, resulting in only marginal increase in disbursements that year.

Factors that will drive disbursement growth in long term are:

- Growth in two-wheeler sales and average prices
- Increase in average ticket size (on account of jump in average price and rise in loan to value),
- Considerable shift of consumer preference towards premium segments (mostly in urban areas)
- Increase in finance penetration
- Better credit monitoring and availability of credit bureau data that will help players reduce delinquencies and expand customer base
- Aggressive efforts by captive financing -- expected to increase financing penetration in coming years

*Growth in two-wheeler industry*

CRISIL Research estimates revenue of the Indian two-wheeler industry to have grown to Rs 1,251 billion in fiscal 2018, with sales volume of about 20.19 million units. The two-wheeler industry is expected to grow at CAGR of 13% over next five years to reach Rs 2,282 by fiscal 2023, with sales volume of 29.15 million units.

Growth in two-wheeler industry size

*P: Projected;*
*Source: CRISIL Research*

*Outlook for two-wheeler sales*

CRISIL Research expects the industry sales volumes to expand at 7-9% CAGR between fiscals 2019 and 2023, with 6-8% growth in motorcycles and 3-5% growth in mopeds. Scooters are projected to continue to outperform the industry at 9-11% CAGR.

- Rural demand (specially for motorcycsles) will be backed by rising farm incomes and improving rural infrastructure, especially as the government continues to invest in developing rural roadways

- Multiple ownership will also accelerate two-wheeler industry growth

- Increasing rural penetration, convenience, perceived higher utility in infra-city transport, newer models with better fuel efficiency, and wider distribution network in semi-urban and rural areas will drive scooter sales

- In fiscal 2019, assuming normal monsoons, CRISIL Research expect the crop value index to rise further, owing to improvement in MSPs for kharif crops and increase in output of key crops such as paddy, sugarcane, cotton, and wheat

**Tractors**
***Source: CRISIL Research Automobiles – Tractors report, published in Aug 2018***

***Tractor sales to continue on the growth path in fiscal 2019 with normal monsoon expectation***

CRISIL Research expects domestic tractor sales volumes to continue its growth momentum from previous year, and increase by 12-14% in fiscal 2019, on the back of an expectation of a third consecutive normal monsoon (as per IMD forecast) and favourable farm sentiments. Favourable government announcements in terms of higher MSPs and compensation for difference between MSP and mandi prices are expected to lead to 1-3% incremental growth (this has been factored in our base call). However in case these schemes are not implemented well, it could shave off around two percentage points from our forecast for fiscal 2019. Bumper food-grain crop output has led to positive sentiments in states like Uttar Pradesh, Punjab, Maharashtra, Haryana – the major contributors to the high crop output. Further, volatile mandi prices has been a hurdle for the farmers as it had dented the profitability for some crops. However, support from the government to improve farm income has led to positive sentiments

across states. Moreover, with back-to-back normal monsoons, the financial situation of farmers has improved compared to the stress faced during droughts in fiscal 2015 and fiscal 2016. Farm loan waiver announcements in key markets of UP, Maharashtra, Karnataka and Punjab has also provided the impetus to tractor demand in these states. While commercial demand has taken a hit, with increased government regulation on illegal mining activities, continued focus on rural development - road construction and rural electrification - helped support non-farm demand.

The long term tractor industry CAGR from fiscal 2018 to fiscal 2023 is expected to be 7-9%. The forecast also takes into account possibility of 1-2 deficient rainfall years during this period.

Government's renewed thrust towards improving the rural economy, via measures such as doubling farm income by 2022, increasing spend towards irrigation, and improving crop productivity by distributing soil health cards is expected to drive growth in the long term. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring centres. With growth in rural wages decelerating, and mechanization on farm fields increasing, structural tractor demand growth gains support.

With current tractor population of ~5 million in India, penetration in India is only 1.5 hp/ha which is much below the 8-10 hp/ha penetration of developed countries, leaving much scope for growth. Keeping that as a benchmark, nearly 13 million farm tractors are required to till India's arable area of 159.2 million hectares, indicating a sustained growth potential of 8-10% CAGR (excluding commercial tractors) until fiscal 2027.

***Domestic tractor sales to grow steadily over next five years***

Domestic tractor sales volume is expected to increase at a moderate pace between fiscals 2019 and 2023, assuming a base case scenario which incorporates one or two deficient monsoon years. Current low tractor penetration warrants consistent growth in the long term to reach the penetration of developed countries. North and South India will drive growth in the long term, with favourable structural factors pointing to high potential in these regions.

CRISIL Research projects domestic tractor sales to expand at 7-9% compound annual growth rate (CAGR) during fiscals 2019 to 2023, on account of low tractor penetration in India, government's focus on improving farm incomes, and investments to improve rural infrastructure. The projected growth rate factors in one-two years of deficient rainfall in the base case scenario. However, in an ideal scenario, entailing normal monsoon in each year over the next five years, should raise the five-year CAGR to 10-12%.

Over next five years (fiscals 2019 to 2023), the following structural factors will support 7-9% growth:

- The government's objective of doubling farm income by 2022 via initiatives such as e-NAM (National Agriculture Market), expansion of crop insurance coverage, and improvement in land productivity via soil health cards. These measures should improve farmers' affordability, and boost tractor penetration.

- The government's renewed thrust on enhancing irrigation intensity and making the nation more drought-proof is expected to support agriculture growth and increase mechanisation.

- Tractors were predominantly used in land preparation and haulage. Tractor applications are now extending to other farming activities such as cultivation, seeding, inter-cultivation, weeding, and spraying.

- Increased multi-cropping and commercial usage of tractors is propelling tractor demand.

- Custom-hiring centres are being promoted through government incentives. The trend is catching up in Karnataka, Madhya Pradesh, Andhra Pradesh, Telangana, and Orissa and encouraging small farmers to lease tractors.

**Cars and Utility Vehicles**

The cars and UV industry's momentum is expected to continue in fiscal 2019. The long term picture also remains bright, given the current low vehicle penetration levels. Regulatory compliance, though, will push up prices slightly. Utilisation rates are set to improve in fiscal 2019, as also are margins, due to declining raw material

prices. Competition in the UV segment is expected to heat up with more launches and expanding portfolio of players.

The domestic passenger vehicle industry is expected to grow at 9-11% on-year in fiscal 2019 on a high base. Higher gross domestic product growth (7.5% expected in fiscal 2019), slightly higher crop output and increased infrastructure spending is expected to boost rural and semi-rural sentiments, and thereby automobile sales. In fact, the growth rate could be higher by 1-2% with increased government spending via subsidies and populist policy announcements in the second half of the fiscal in anticipation of general elections, which is expected to be held in May 2019.

Passenger vehicle industry domestic demand outlook

| | 2016-17 | | 2017-18 | | 2018-19 YTD (April-September) | | 2018-19 P | 2019-20 P |
|---|---|---|---|---|---|---|---|---|
| | Units ('000) | Growth (%) | Units ('000) | Growth (%) | Units ('000) | Growth (%) | Growth (%) | Growth (%) |
| **Passenger Vehicles** | **3,047** | **9.2** | **3,287** | **7.9** | **1,744** | **6.9** | **9-11** | **7-9** |
| **Passenger Cars** | **2,103** | **3.9** | **2,173** | **3.3** | **1,169** | **6.8** | **9-11** | **6-8** |
| *Small Cars* | *1,891* | *5.6* | *1,964* | *3.8* | *1,070* | *8.4* | 11-13 | 6-8 |
| *Large Cars* | *211* | *-9.4* | *209* | *-1* | *100* | *-8* | (4)-(6) | 1-3 |
| **Utility Vehicles and Vans** | **944** | **23.5** | **1,114** | **18.1** | **575** | **7.1** | **7-9** | **8-10** |
| *Utility Vehicles* | *762* | *29.9* | *922* | *21* | *464* | *5.4* | 6-8 | 10-12 |
| *Vans* | *182* | *2.4* | *192* | *5.9* | *110* | *14.5* | 11-13 | 3-5 |

*P: Projected;*
*Source: CRISIL Research*

CRISIL Research expects below factors to increase PV industry sales -

- Strong rural sentiments on account of higher farm output in fiscal 2017 and 2018 and continued focus on rural infrastructure which increased non-farm income have led to positive sentiments in fiscal 2019 so far.

- Despite below normal monsoon, a well distributed rainfall in key Kharif producing states is expected to result in positive sentiments in rest of the fiscal 2019. 2% higher reservoir level as compared to long period average at pan-India level is expected to aid higher Rabi production in fiscal 2019 and support farm incomes in rest of fiscal 2019. Government spending on infrastructure development to support higher non-farm incomes in fiscal 2019 as well as fiscal 2020.

- Muted interest rates will offer support by keeping the cost of ownership subdued

- New model launches will likely attract buyers and contribute to PV sales growth.

- Maruti Suzuki has commenced the second shift at its Gujarat facility from October 2017 and in fiscal 2019, the line will be able to produce 2.5 lakh units and reduce the waiting period on its models. Hyundai is also expected to undergo brownfield expansion and increase its production capacity by 50,000 units.

- Mandatory implementation of BS VI norms from April 1, 2020 onwards are expected to increase the vehicle prices by Rs 15,000-25,000 (for petrol cars) and Rs 40,000-50,000 (for diesel cars). This can result in pre-buying of vehicles in last quarter of fiscal 2020, prompting growth in fiscal 2020.

Improving gross domestic product (GDP), with 7.5% growth expected in this fiscal and better cash flow in the economy due to better crop output assuming a normal monsoon will support demand growth during the year. Government has hiked the minimum support prices (MSP) for crops to 1.5 times of production costs for kharif crops in fiscal 2019, which is expected to further strengthen rural sentiments.

**Commercial Vehicles**

CRISIL Research expects domestic commercial vehicle (CV) sales to rise ~18% in fiscal 2019 as:

- Sales of medium and heavy commercial vehicles (MHCV) in 2018-19 are expected to grow ~16% over a high base
    - Awarding of contracts by the National Highways Authority of India, the nodal agency for road construction, rose 70% to around 7,400 km in fiscal 2018, much of which will come up for execution in fiscal 2019. The government also plans to expedite all road construction by December 2018.
    - With construction being highly labour intensive, the government is expected to push construction projects in the pre-election year.
    - The government is likely to focus on major river-linking projects in its irrigation thrust and housing construction under Pradhan Mantri Awas Yojna; these schemes will also boost demand for CVs.
    - Expected improvement in GDP growth after lingering impacts of demonetisation and GST implementation dissipate. Industrial GDP is expected to increase by 6.8% in fiscal 2019 as against a 5.5% growth in fiscal 2018.
    - Input tax credit available on purchase of trucks incentivizing CV purchases by LFOs
- Prevalent overloading practiced by transporters to nullify the impact of axle norm. Higher tonnage MAVs are likely to be more desirable than T-Trailers post the implementation of the norm leading to some shift in demand
- CRISIL Research expects LCV goods sales to grow at ~22% on-year in fiscal 2019 aided by higher replacement demand supplemented by improved private consumption (Private Final Consumption Expenditure growth at 7.6% for fiscal 2019 versus a 6.6% growth in fiscal 2018). Higher infrastructure spend in the rural areas, too, is expected to aid demand.
- Bus demand is likely to see ~11% growth aided by a revival in most of the end-use sectors (especially private stage carriage, tourist, and schools) over a low base of fiscal 2018.

Segment-wise short-term projection

| Domestic sales | | 2017-18 | 2018-19P |
|---|---|---|---|
| Segments | Volume | Growth (%) | Growth (%) |
| LCVs | 467,224 | 29.5% | 21-23% |
| MHCVs | 304,664 | 19.4% | 15-17% |
| Buses | 84,573 | -13.8% | 10-12% |
| **Total Commercial vehicle** | **856,461** | **19.9%** | **17-19%** |

*E: Estimated; P: Projected;*
*Source: CRISIL Research*

Long-term prospects look optimistic
CRISIL Research expects sales growth of MHCV, LCV and buses -- the three major automobile segments -- to remain buoyant over the long term.

- MHCV sales, which rose at a tepid 1.6% CAGR between fiscals 2013 and 2018, will see a moderate 6-8% CAGR between fiscals 2018 and 2023. Factors driving the growth will be an improvement in industrial activity, steady agricultural output, and the government's focus on infrastructure. However, a full recovery will be limited as better road infrastructure, efficiency achieved after the goods and services tax implementation, shift to higher tonnage trucks and the commissioning of dedicated freight corridors could provide some downside to the volume growth.
- Improved consumption and rising replacement volume will drive the long-term LCV demand. However, a shift towards higher tonnage pick-ups from sub-1-tonne vehicles will curb higher sales growth. The replacement demand of sub-1-tonne segment is likely to taper off by fiscal 2022 leading to weaker sales in

the terminal year (fiscal 2023). All in all, the LCV sales are expected to rise at a CAGR of 5-7% between fiscals 2018 and 2023 over a high base of fiscal 2018 when the sales rose 29%. Large three-wheelers are likely to die as a segment as their total industry volume dropped to just 300 units in fiscal 2018. Small three-wheelers, meanwhile, are likely to show modest growth.

- CRISIL Research expects bus sales to be aided by the growth in urban population, demand from schools and corporates, improved road infrastructure, and increased inter-city travel. The government's thrust on rural transportation will also aid the demand. Overall, the bus segment is expected to rise at ~10% CAGR between fiscals 2018 and 2023.

**Retail Finance – Housing**
***Source: CRISIL Research Retail Finance – Housing report, published in Jun 2018***

***Housing finance companies clocked strong growth between fiscals 2013 and 2018 -*** The outstanding loans of housing finance companies (HFCs) clocked ~20% compound annual growth rate (CAGR) between fiscals 2013 and fiscal 2018. The growth was supported by the following primary factors –

- rise in finance penetration
- increasing demand from Tier-II and Tier III / non-metro cities
- Increasing government support (Pradhan Mantri Awas Yojana or PMAY)
- improved transparency (Real Estate (Regulation and Development) Act, 2016, or RERA)
- increasing urbanisation (urban population, as a percentage of total population, rose steadily from 28.8% in 2004 to 31.2% in 2018)
- average ticket size expected to reduce

The housing portfolio (in term of outstanding) of HFC's total outstanding is projected to clock 18-19% CAGR from Rs 6.2 trillion in fiscal 2018 to Rs 14.8 trillion in fiscal 2023. The growth will mainly be supported by growth in housing units, higher finance penetration and increasing demand for the affordable housing segment. In addition to this, growing demand in tier II and smaller towns will support the growth momentum.

***Growth in housing units – urbanisation, greater transparency driven by regulations, and improving affordability, will drive growth of housing units in the near to medium term.***

Despite a flourishing housing industry, India still faces a huge shortage of houses, especially in urban areas. CRISIL Research expects urbanisation to accelerate, translating into 1.8-2.0% CAGR in the urban population between fiscals 2018 and 2022, compared with expected overall population growth of 1.2% during the same period. The shortage provides scope for the growth of the industry.

Post-demonetisation, the 'black' component in property transactions has come down, as per industry sources. This, coupled with implementation of the Real Estate Regulatory Act (RERA), is expected to make the industry more transparent. Affordability of housing units is also expected to increase, supported mainly by increasing per capita income and various government programs to drive housing growth.

***HFC market share likely to increase over the medium term***

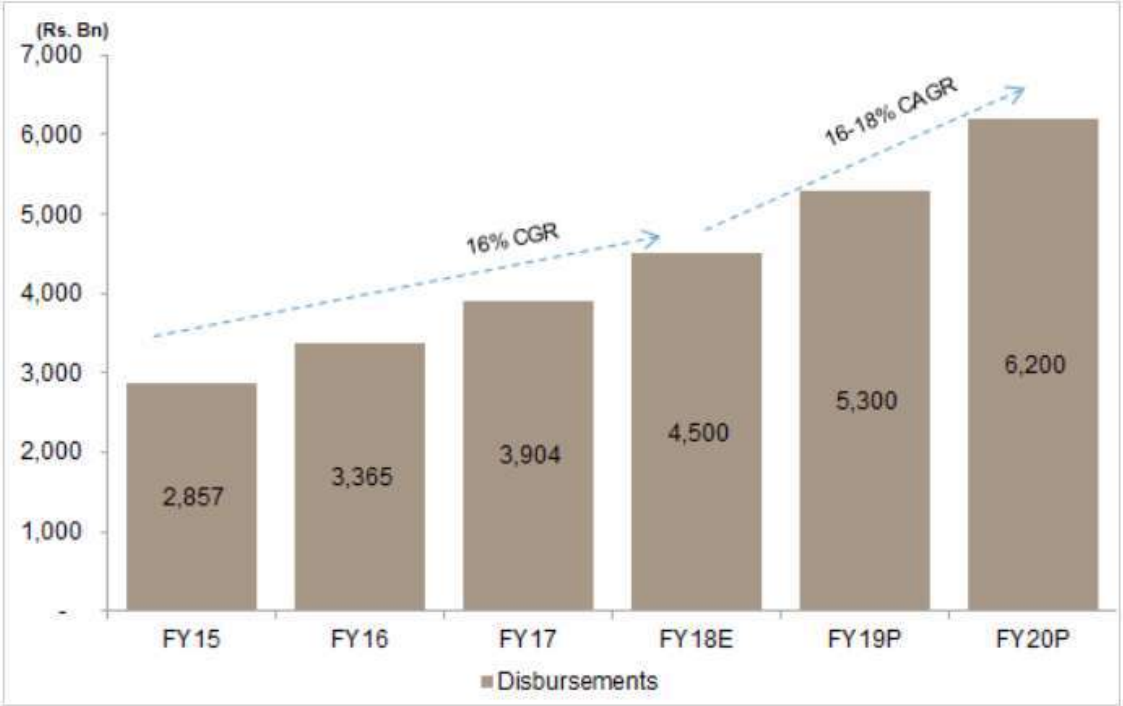
HFCs will maintain their market share even when banks turn aggressive, riding on HFCs' increased presence in untapped market, greater focus on home loans, strong origination skills and relatively superior customer service. Additionally, an expansion in branches and a well distributed network of HFCs will support the growth of these banks in an extremely competitive market. HFCs expanded their network of branches at a healthy CAGR of more than 20% over the past five years. CRISIL Research expects growth to continue over the next two years as new players enter the market, and some existing players expand their domestic footprint.

***Mid & small-sized HFCs to grow at a faster rate than large HFCs***

CRISIL Research believes mid-sized HFCs (those with total retail housing loan outstanding below Rs 300 billion, as of March 2018) will record 25-26% CAGR between fiscals 2019 and 2020, while large HFCs will grow at a slower pace of 18% CAGR during this period. CRISIL Research expects higher growth for mid-sized HFCs, given their focus on affordable-housing projects and their relatively higher concentration in Tier-II and smaller cities, where growth has been higher over the past year. On the other hand, metros have seen some moderation in housing demand, due to a decline in affordability amid high property prices and reduction in black money component in metros.

***Profitability is expected to decline from due to rising competition and higher credit cost***

The spread for HFCs is expected to decline due to pressure on yields on account of rising competition and expected rise in cost of funds . Margins are also expected to decline due to higher credit cost on account of financiers increasing their focus on Tier II and Tier III cities. CRISIL Research expects the net interest margin for housing finance companies to decline from the current 3.17% to 3% in fiscal 2019.




***Housing finance disbursement grew 17% in fiscal 2018***

CRISIL Research estimates that housing finance disbursements grew around 17% in fiscal 2018 to Rs 4,500 billion. The demand for home loans remained buoyant with strong growth from tier-II and tier-III cities. Other factors that kept the demand strong include rising disposable incomes, increasing urbanisation, the government's thrust on affordable housing, and easier processes.

Housing loan disbursement to grow led by pick-up in demand in tier-II and -III cities

*E: Estimated; P: Projected;*

*Source: NHB, CRISIL Research*

CRISIL Research expects housing loan disbursements to grow at a healthy 16-18% CAGR until fiscal 2020, aided by low current mortgage penetration, improving affordability, urbanization and demand for affordable housing. In addition to this, infrastructure status to affordable housing will push more developers to enter in this segment as this will ensure easier access to institutional credit and help in reducing developer's cost of borrowing for affordable projects leading to more supply of units at reasonable price. Also the real estate (Regulatory & Development) act, 2016 will lead to relatively more structured, transparent and disciplined sector in future.

***Market share of HFCs likely to increase over the next 2-3 years***

The market share of HFCs to increase over the next 2-3 years (and will not decrease even after aggressive focus by banks) led by regulatory focus to increase funding avenues and containing borrowing costs for HFCs like;

- The RBI has reduced risk weights on bank lending to AAA rated HFCs to 20% from 100%, assisting in reducing loan costs.

- In February 2017, SEBI has increased cap for debt mutual funds on additional exposure to AA (and above) rated HFCs from 10% to 15% (over the 25% sectoral limit), also IRDA has exempted investments in AAA rated HFCs from sectoral cap.

While banks have traditionally competed on interest rates, CRISIL Research believes HFC's specialized focus on home loans makes them more attractive.

HFCs market share to increase over the medium term
Note: Market share based on disbursements;
Source: NHB, RBI, CRISIL Research

*Thrust on affordable housing to boost disbursements*

The recent push by the government to provide 'housing for all' by 2022 and various steps taken to implement the same, are expected to boost sales of affordable and low-cost housing units and consequently, financing for the same. Recent steps taken by government and RBI:

- In June, 2018, RBI raised the housing loan limits for priority sector eligibility by 25%. RBI has revised housing loan limits for PSL eligibility from Rs 28 lakhs to Rs 35 lakhs in metropolitan centres (with a population of 10 lakh and more) and from Rs 20 lakhs to Rs 25 lakhs in other centres.

- In June, 2018, Carpet area raised by 33% under Credit Linked Subsidy Scheme (CLSS) for Middle income group under Pradhan Mantri Awas Yojana ( PMAY). The increase in carpet area will help MIG beneficiaries to avail interest subsidy for bigger houses.

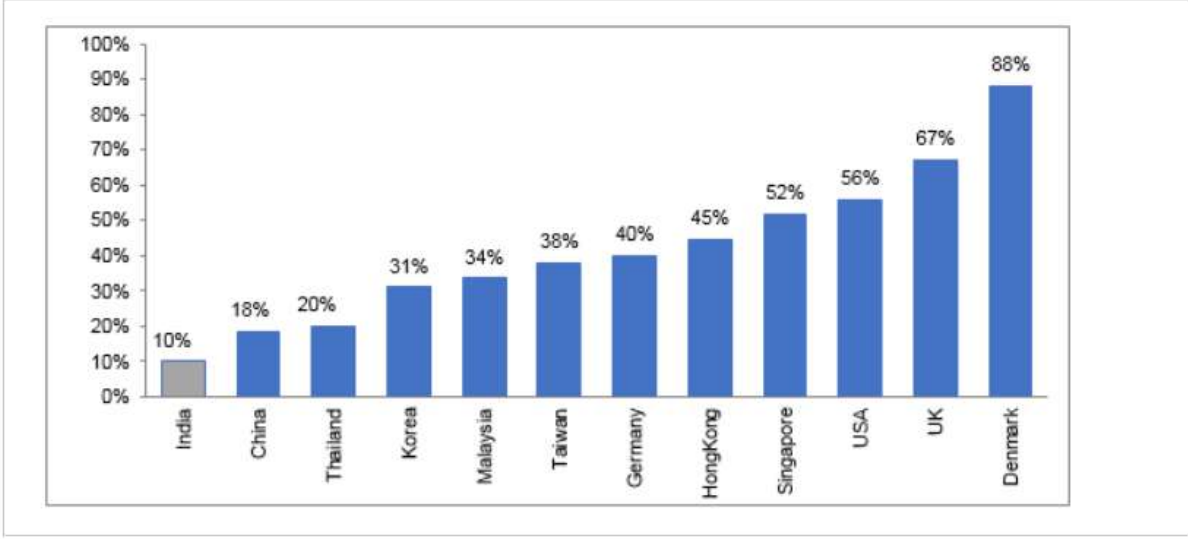
- In Feb 2018, government announced to set affordable housing fund under the National Housing Bank.

- March 2017, Government allows 90% of Government run pension fund EPFO can be withdrawn for house purchase

*India's mortgage penetration remains low*

India's mortgage-to-GDP ratio is still low at 10% in 2017-18 compared with other developing countries, but it has improved from 7.4% in 2009-10, given rising incomes, improving affordability, growing urbanisation, including emergence of tier-II and tier-III cities, evolution of the nuclear family concept, tax incentives, widening reach of financiers and faster loan sanctioning.

Mortgage penetration (as a % of GDP)




*Note: India data for FY18, Other countries data for CY15;*
*Source: European Mortgage Federation, HOFINET, CRISIL Research*

CRISIL analysis shows that mortgage penetration level in India is 9-11 years behind other emerging markets in the region such as China and Thailand. However, due to various structural drivers such as young population, smaller family sizes, increasing urbanisation, rising income levels and widening reach of financers, CRISIL Research believes the mortgage business will see healthy growth over the long term.

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections "**Forward Looking Statements**", "**Risk Factors**", and **"Financial Information**" on pages 16, 17, and 142, respectively, of this Draft Shelf Prospectus. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year. Reference to period for September 30,2018 means the three months ended September 30,2018.*

*Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Indusrty Report (extracts of which have been appropriately incorporated as part of the section titled "**Industry Overview**" on page 68 of this Draft Shelf Prospectus) and included herein with respect to any particular year refers to such information for the relevant fiscal year and for further details, see "**Risk Factors**" on page 17 of this Draft Shelf Prospectus. We have relied on third party industry reports which have been used for industry related data in this Draft Shelf Prospectus and such data have not been independently verified by us*

### Overview

We are one of the leading non-banking finance companies with customers primarily in the rural and semi-urban markets of India. We are primarily engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles. We also provide housing finance, manage mutual funds, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services. In addition, we provide wholesale inventory financing to dealers and retail financing to customers in the United States for purchase of Mahindra tractors through Mahindra Finance USA LLC (**MF USA**), our joint venture with De Lage Landen Financial Services Inc., which is a member of the Rabobank Group. We are part of the Mahindra group, which is one of the largest business conglomerates in India.

Our Company was incorporated on 1 January 1991 under the name of Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act 1956. Our Company commenced its operations, pursuant to a certificate of commencement of business dated 19 February 1991. Pursuant to a fresh certificate of incorporation dated 3 November 1992, consequent to change of name, our Company's name was changed to Mahindra & Mahindra Financial Services Limited.

Our Company holds a certificate of registration dated 4 September 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act 1934 which has been renewed on 21 March 2007. We have established a pan-India presence, spanning 27 states and five union territories through 1,296 offices as of 30 September 2018. We cater to the financing needs of retail customers and small and medium-sized enterprises. We primarily focus on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, pre-owned vehicles, and others which accounted for 26 %, 18 %, 20 %, 13 %, 23% and 9 % of estimated total value of the assets financed by our Company, respectively, for the financial year 2018. For the half-year ended 30 September 2018, financing for purchases of auto and utility vehicles; tractors; cars; commercial vehicles and construction equipment; and pre-owned vehicles, SME and others accounted for 23%, 18%, 20%, 18% and 21% of estimated total value of the assets financed by our Company, respectively. We benefit from our close relationships with dealers and our long-standing relationships with OEMs, which allow us to provide on-site financing at dealerships.

In May 2004, we started an insurance broking business through our subsidiary, Mahindra Insurance Brokers Limited (**MIBL**). We currently hold 80.0% of the outstanding equity shares of MIBL. We provide insurance broking solutions to individuals and corporates through MIBL. MIBL has a composite broking licence from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers. MIBL earned an income of Rs. 24,498.30 lakhs and achieved a profit after tax of Rs. 5,216.66 lakhs compared to an income of Rs. 17,419.24 lakhs and a profit after tax of Rs. 5,304.81 lakhs for the fiscal year 2017-2018 and 2016-17 respectively.

In October 2007, we commenced our housing finance business through our registered subsidiary, Mahindra Rural Housing Finance Limited (**MRHFL**). We hold 89.0% of the outstanding equity shares of MRHFL. The National Housing Bank (NHB), a principal agency to promote housing finance set up in 1988 as a wholly owned subsidiary of the RBI, presently owns a 11.0% of the equity share capital of MRHFL. We provide housing loans to

individuals through MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property.

In September 2010, we entered into an agreement with De Lage Landen Financial Services Inc., to form a joint venture company in the United States, Mahindra Finance USA LLC (**MF USA**). Our Company owns a 49.0% equity interest in MF USA and the balance is owned by De Lage Landen Financial Services Inc. MF USA provides wholesale inventory financing to U.S.-based dealers purchasing products of the Mahindra group and retail financing to customers for financing the purchase of Mahindra tractors.

On 20 June 2013, Mahindra Asset Management Company Private Limited was incorporated and was appointed as the asset management company of the Mahindra Mutual Fund. The Mahindra Mutual Fund was constituted as a trust and was registered with SEBI. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly owned subsidiary of our Company, is the trustee to the mutual fund. The maiden fund of the Mahindra Mutual Fund – 'Mahindra Liquid Fund' – received approval from the SEBI in June 2016 and was launched in July 2016. Mahindra Mutual Fund has a total of seven live schemes as on September 30, 2018.

Mahindra & Mahindra, our promoter and the flagship company of the Mahindra group, had a market capitalisation of Rs. 906 billion as of 30 September 2018. The Mahindra group has a strong presence in the utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors.

**Key Operational and Financial Parameters**

Key Operational and Financial Parameters (on consolidated basis, unless mentioned otherwise)

**(*₹ in lakhs*)**

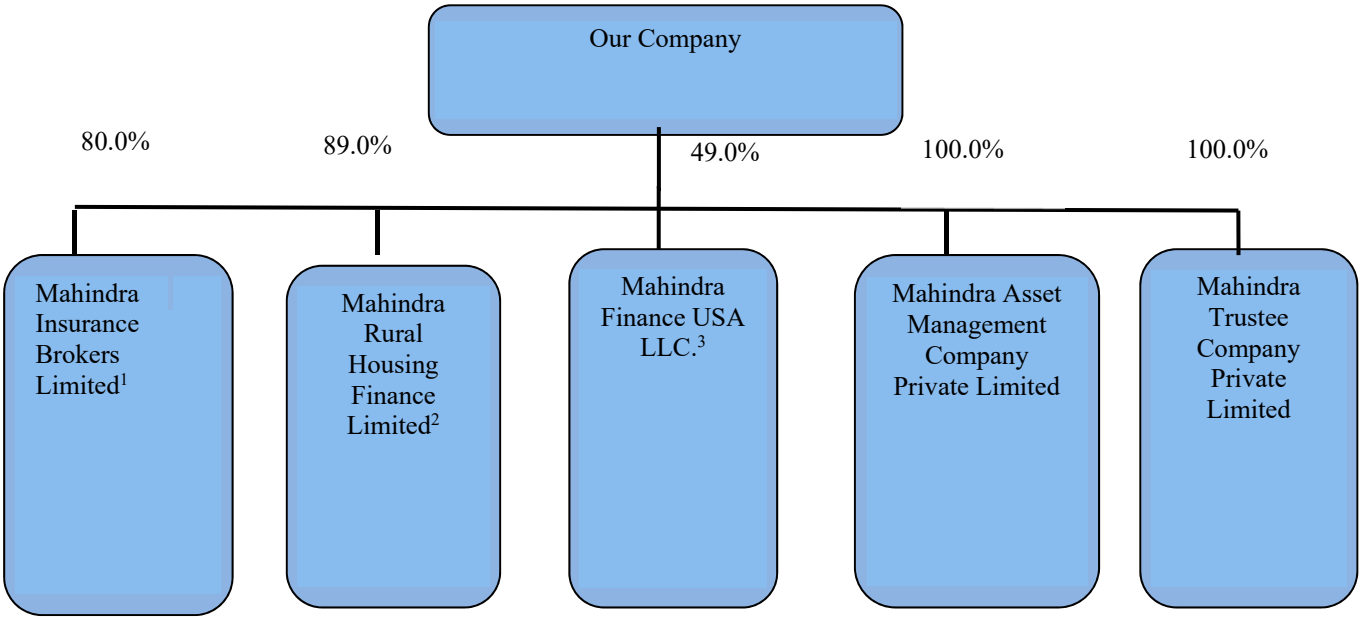
| Parameters | Half year ended 30 September 2018* | Financial Year 2018 | Financial Year 2017 | Financial Year 2016 |
|---|---|---|---|---|
| Shareholder's Fund | 9,97,978.56 | 991520.93 | 6,96,015.55 | 6,46,939.78 |
| Total Borrowing | 46,49,569.96 | 4731020.39 | 40,81,105.01 | 34,04,369.39 |
| of which – Long Term Borrowing | 27,07,306.28 | 28,89,497.52 | 24,98,492.31 | 20,34,120.59 |
| - Short Term Borrowing | 9,04,365.76 | 7,77,187.24 | 7,21,762.80 | 5,21,753.18 |
| - Current Maturities of Long Term Borrowing | 10,37,897.92 | 10,64,335.63 | 8,60,849.90 | 8,48,495.62 |
| Fixed Assets | 11,565.54 | 15,238.6 | 13,453.06 | 12,907.14 |
| Non Current Assets (excluding fixed assets) | 31,73,326.87 | 36,54,087.15 | 29,84,321.75 | 24,25,024.87 |
| Cash and Bank balances | 22,425.12 | 48,537.79 | 60,387.54 | 60,593.65 |
| Current Investments | 94,977.34 | 41,161.05 | 59,239.85 | 54,670.33 |
| Current Assets (excluding cash and bank balances and current investments) | 26,45,001.79 | 25,94,822.21 | 22,23,254.95 | 19,47,488.38 |
| Current Liabilities (excluding current maturities of long term debt and short term borrowing) | 2,51,273.32 | 4,79,458.32 | 2,76,798.98 | 1,93,256.10 |
| Assets Under Management | 5947296.66 | 64,27,182.18 | 54,19,688.27 | 46,36,063.20 |
| Off Balance Sheet Assets | 0.00 | 73,335.38 | 79,031.12 | 1,35,378.84 |
| Interest Income | 3,99,550.05 | 7,77,274.07 | 6,55,028.88 | 5,93,902.58 |

| Parameters | Half year ended 30 September 2018* | Financial Year 2018 | Financial Year 2017 | Financial Year 2016 |
|---|---|---|---|---|
| Finance Cost | 1,78,541.73 | 3,40,038.47 | 3,16,075.05 | 2,84,204.58 |
| Provisioning & Write-offs | 52,495.16 | 1,32,735.09 | 1,38,955.10 | 1,09,819.07 |
| PAT | 65,044.36 | 1,02,391.13 | 51,163.67 | 77,229.36 |
| Gross NPA (%)** | 9.0% | 7.40% | 9.0% | 8.0% |
| Net NPA (%)** | 6.0% | 3.80% | 3.6% | 3.2% |
| Tier I Capital Adequacy Ratio (%)^^ | 15.0% | 16.1% | 12.8% | 14.6% |
| Tier II Capital Adequacy Ratio (%)^^ | 5.2% | 5.9% | 4.4% | 2.7% |

**Half yearly ratios on standalone basis (Ind AS)*
***Ratios on standalone basis*
*^^Ratios on standalone basis computed based on Indian GAAP*

**Corporate Structure**

The following chart outlines our corporate structure:




[1] Inclusion Resources Private Limited, a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore, held 15.0% of the outstanding equity shares of Mahindra Insurance Brokers Limited (**MIBL**). On 16 October 2017, our Company entered into a share purchase agreement to sell 5.0% of the outstanding equity shares of MIBL to Inclusion Resources Private Limited and the transaction was completed on 26 October 2017. Subsequently, Leapfrog Financial Inclusion Fund sold all of the outstanding shares of Inclusion Resources Private Limited to Fundamental Insurance Investments Limited which is a member of the XL Catlin Group. XL Catlin Group has since been acquired by the AXA Group.

[2] The National Housing Bank holds 11.0% of the outstanding equity shares of MRHFL.

[3] De Lage Landen Financial Services Inc., a member of the Rabobank Group holds 51.0% of the outstanding equity shares of MF USA.

**Our Competitive Strengths**

Our competitive strengths are as follows:

***Knowledge of Rural and Semi-Urban Markets***

We have over 20 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of the local characteristics of these markets and has allowed us to address the unique needs of our customers. Of our Company's 1,296 offices spanning across 27 states and 5 union territories, as of 30 September 2018, a majority cater to customers located in rural and semi-urban markets. We have adapted to markets that are affected by the limitations of rural infrastructure and have developed a diversified customer base of farmers, car owners, transport agencies, small businessmen and home owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de centralised process to approve loans that meet pre-determined criteria. Further, our field executives use hand-held general packet radio service (**GPRS**) enabled devices to record data while collecting loan payments at the customer's home or business location. This leads to face-to-face interaction that improves our understanding of the needs of our customers and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets is a key strength that has enabled us to become one of India's leading NBFCs.

We were early entrants into the rural and semi-urban markets, initially providing financing solely for products of M&M. Credit in these markets was principally provided by banks or by the local money lenders. There was a large section of the rural population which did not access credit largely due to their inability to meet the lending requirements of the banks or because the local money lenders usually charged high rates of interest. We identified this opportunity and positioned ourselves to service this population. We adopted simple and prompt loan approval and documentation procedures. In addition, the markets we serve are largely cash-driven and we understand the challenges and limitations of rural infrastructure and have created processes and systems to overcome such limitations and challenges. For example, our field executives collect cash at the customer's premises saving them the need to travel to one of our offices or a bank. These visits also enable us to develop our customer relationships and importantly allow us to understand their businesses. This understanding enables us to be proactive and develop future products for our customers. Our nationwide network, locally recruited employees, regular visits to our customers and our close relationship with the dealers enable us to understand the needs of our customers. We believe that due to our early entry, our client relationships and our relationship with OEMs, we have built a recognisable brand in the rural and semi-urban markets of India.

***Extensive Network of Offices***

We operate an extensive network of our 1,296 offices spanning across 27 states and 5 union territories, as of 30 September 2018. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a decentralised approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering distribution of insurance products and mutual funds. We service multiple products through each of our offices, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

***Streamlined Approval and Administrative Procedures and Effective Use of Technology***

We believe that we benefit from our streamlined company-wide approval and administrative procedures that are supplemented by our employee training and integrated technology. Our local offices are responsible for appraisal, disbursement, collection and delinquency management of loans. We require simple documentation to comply with the regulatory norms and for the collateral on the vehicle or equipment purchased. Typically, we approve loans within two business days from receiving the complete loan application. Each of our security agreements contains alternate dispute resolution provisions for arbitration, repossession and sale of assets that secure defaulting loans. As part of our application process, we also require that the customer provides a guarantor prior to disbursing the funds, a process which we believe acts as a social enforcement mechanism for timely repayment by the customer.

We believe that our decentralised, streamlined origination process is successful because of our employee training and integrated technology. We train our employees to use soft skills and offer customised financial products based on the credit requirements and credit history of customers. Moreover, we are able to regularly monitor origination, disbursement and collection with our integrated technology. In addition, hand-held GPRS enabled devices used by our employees provide us with instalment collection, customer and certain risk management information in a prompt manner, thus enabling better monitoring. The recording of data in this manner enables us to provide intimation by SMS to customers in a prompt manner at every stage of the transaction and we believe it also allows us to handle customer queries more efficiently.

***History of Strong Customer and Dealer Relationships***

We believe that we benefit from strong relationships with our customers, developed from long-term in-person customer contact, the reach of our office network, local knowledge and our continued association with automotive, farm equipment and car dealers. As part of our customer-centric approach, we recruit employees locally to increase our familiarity with the local customers and area. We believe that this personal contact, which includes visits by our employees to a customer's home or business to collect instalment payments, increases the likelihood of repayment, encourages repeat business, establishes personal relationships and helps builds our reputation for excellent customer service. We also believe that our Company's close relationships with dealers help us develop and maintain strong customer relationships.

***Brand Recall and Synergies with the Mahindra Group***

M&M, our Promoter and the flagship company of the Mahindra group, has been selling automotive and farm equipment in semi-urban and rural markets for over six decades. The Mahindra group is one of the largest business conglomerates in India and has a strong presence in the utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors. We believe that our relationship with the Mahindra group provides brand recall and we will continue to derive significant marketing and operational benefits.

***Access to Cost-Effective Funding***

We believe that we are able to access cost-effective borrowings due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources. Our Company maintains borrowing relationships with several banks, mutual funds and insurance companies. Our Company's long-term NCD and subordinated debt is presently rated IND AAA, CARE AAA and CRISIL AA+ by India Ratings and Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long-term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings and Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments, and CRISIL has rated our Company's fixed deposit programme FAAA. For the period ended 30 September 2018 and the financial year 2018, our Company's average annualised interest cost of borrowed funds was 8.2% and 8.1%, respectively.

***Experienced Management Team***

We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior managers have diverse experience in various financial services and functions related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. We also have an in-house experienced legal team consisting of qualified professionals, well-equipped to handle all our legal requirements ranging from loan and security documentation to recovery, repossession, security enforcement and related litigation, if any. In addition, our management has a track record of entering and growing new lines of business, such as insurance broking and housing finance. Our Board, including the independent directors, also has extensive experience in the financial services and banking industries in India.

**Our *Strategies***

Our business strategies are as follows:

***Focus on the Rural and Semi-Urban Markets to Grow our Market Share***

We plan to continue to expand our office network and increase the market share of our existing products and services in the rural and semi-urban markets of India. In opening each office site, we analyse the local market and proximity to target customers. We believe our customers appreciate this convenience and that well-placed office sites allow us to attract new customers. In addition to our offices and region-based organisational structure, we have also formed a separate vertical for collections and each of our key products, which works with our employees across offices to customise our products based on customers' feedback.

We also seek to expand our dealer relationships by strengthening our presence at dealerships and by continuing to engage dealers of a range of OEMs for customer relationships. We believe that this strategy will increase our customer base and revenues and mitigate risks associated with deriving a substantial percentage of our vehicle financing revenues from purchasers of M&M vehicles. In order to enhance our dealer relationships, we also provide trade funding to assist with the working capital requirements of these dealers. We believe that we are in a position to leverage our existing distribution infrastructure to increase our penetration in markets where we already have a presence.

***Focus on Effective Use of Technology***

As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve the quality of our services and approve loans at a faster rate. We intend to increase the number of offices connected to the centralised data centre in Mumbai. We also intend to expand our use of hand-held GPRS enabled devices, which collect data used to monitor our operations and risk exposure. We have also rolled out an advanced version of the GPRS enabled devices, which functions as a 'mobile office' and allows our employees to originate loans and issue receipts. We believe that as we develop and integrate such programmes into our business, we can further capitalise on the reach of our offices and increase our market share. Our use of technology will also allow us to continue providing streamlined approval and documentation procedures and reduce incidences of error.

Further, our continued focus on the effective use of technology is aimed at allowing employees across our office network to collect and feed data to a centralised management system, providing our senior management with prompt operational data. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralised manner and develop better credit procedures and risk management.

***Diversify Product Portfolio***

We also intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products. We intend to improve the diversity of our product portfolio both within our vehicle financing business as well as through the introduction and growth of other financial products. For example, we have recently commenced the leasing of electric vehicles in certain geographies, manufactured by an affiliate of ours. We intend to grow the share of our disbursements to pre-owned vehicles, light and heavy commercial vehicles and small and medium enterprises to capture market share in what we believe is a growth area and improve the diversity of our loan exposure. We also intend to leverage our OEM relationships and our existing office network to diversify and expand our product portfolio.

Beyond our vehicle financing business, we intend to leverage our brand and office network, develop complementary business lines and become the preferred provider of financial products in rural and semi-urban markets – a one-stop shop for customers' financial needs. We have also launched a direct marketing initiative to target our existing and former customers to cater to all their financing requirements, thus generating new business and diversifying our loan assets. We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. To this end, we intend to grow our housing finance, SME financing and increase distribution of mutual funds and insurance products. We will continue to focus on growing our rural housing portfolio through our subsidiary MRHFL, which we believe is in a unique position to cater to a large and untapped customer base.

***Continue to Attract and Retain Talented Employees***

We are focussed on attracting and retaining high-quality talent. We recognise that the success of our business depends on our employees, particularly as we continue to expand our operations. We have successfully recruited and retained talented employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. We will continue to attract talented employees through our retention initiatives and recruitment from local graduate colleges. Our retention initiatives include job rotation, quarterly reviews, incentive-based compensation, employee recognition programmes, an employee stock option plan, training at our training facility and on-the-job training. We invest a significant amount of time and resources in training our employees, which we believe fosters mutual trust, improves the quality of our customer service and puts further emphasis on our continued retention.

## DESCRIPTION OF OUR BUSINESS

### Our Vehicle Financing Business

We are primarily engaged in asset financing of vehicles, which we divide into five categories: (a) auto and utility vehicles; (b) tractors; (c) cars; (d) commercial vehicles and construction equipment; and (e) pre-owned vehicles and others. Our customers include various transport operators, farmers, small businesses and self-employed and salaried individuals.

***Vehicle Financing by Segment***

- *Auto and Utility Vehicles.* We finance the purchase of new auto and utility vehicles, which are typically used to transport passengers and goods. The auto and utility business comprised 23% and 26% of the estimated total value of assets financed by our Company for the period ended 30 September 2018 and 31 March 2018, respectively.

- *Tractors.* We finance the purchase of new tractors, which are used as farm equipment and to carry and to pull goods. The tractor business comprised 18% and 18% of the estimated total value of assets financed by our Company for the period ended 30 September 2018 and 31 March 2018, respectively.

- *Cars.* We finance the purchase of new cars which are used for personal or commercial purposes. The cars business comprised 20% and 20% of the estimated total value of assets financed by our Company for the period ended 30 September 2018 and 31 March 2018, respectively.

- *Commercial Vehicles and Construction Equipment.* We finance the purchase of new commercial vehicles, including light commercial vehicles (**LCVs**), which carry goods and passengers, and heavy commercial vehicles (**HCVs**), which carry goods and construction equipment. For LCVs, our customers are typically medium and small fleet operators. For HCVs, our customers are typically transport operators and small businesses. The commercial vehicles and construction equipment business comprised 18% and 13% of the estimated total value of assets financed by our Company for the period ended 30 September 2018 and 31 March 2018, respectively.

- *Pre-Owned Vehicles and Others*. We finance the purchase of pre-owned vehicles, primarily cars and multi-utility vehicles and other vehicles, which include two-wheelers and three-wheelers. We also provide finance to SME and personal loans. The pre-owned vehicles and other business comprised 20% and 23% of the estimated total value of assets financed by our Company for the period ended 30 September 2018 and 31 March 2018, respectively.

Our Company's estimated composition of assets financed in each of our vehicle financing businesses is set forth below:

| | Half -year ended 30 September 2018 | Financial Year | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| Auto and Utility | 23% | 26% | 28% | 30% |
| Tractors | 18% | 18% | 19% | 15% |

| | Half -year ended 30 September 2018 | Financial Year | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| Cars | 20% | 20% | 22% | 22% |
| Commercial Vehicles and Construction Equipment | 18% | 13% | 11% | 11% |
| Pre-Owned Vehicles and others | 21% | 23% | 20% | 22% |

***Origination***

**Customer Base**

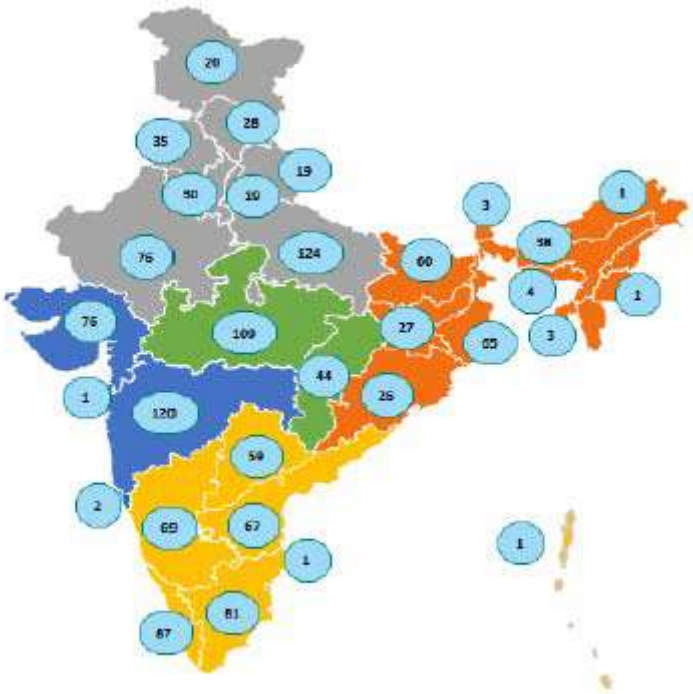
Our customers are predominantly small entrepreneurs and self-employed individuals in rural and semi-urban areas, such as transport operators, taxi operators and farmers. We secure our loans through the hypothecation of each asset financed. Our customers generally contribute between 10% and 30% of the purchase price of the asset financed, with the balance lent by us. During the period ended 30 September 2018 and the financial years 2018, 2017 and 2016, our Company entered into 3,45,249; 6,26,172; 5,56,122 and 5,22,256 new customer contracts, respectively.

**Office Network**

As of 30 September 2018, our Company had 1,296 offices located in 27 states and 5 union territories in India. Our offices are authorised to approve loans within prescribed guidelines and have appropriate staffing to process and monitor the loans made. Office employees report to their respective regional offices, which, in turn, report to their zone office and the head office in Mumbai.

As of 30 September 2018, the northern, southern, western, central and eastern regions of India contributed 27%, 20%, 20%, 9% and 24% of our Company's loan assets, respectively. Further, during the period ended 30 September 2018, our disbursements in the northern, southern, western, central and eastern regions of India accounted for 29%, 19%, 17%, 10% and 21% of our Company's total disbursements, respectively.

The distribution of offices across India by state as of 30 September 2018 is set out in the map below:



**Relationships with Dealers**

We initially provided financing to M&M dealers and have since developed close relationships with other dealers across India. Our Company has entered into memoranda of understanding with OEMs through which we have an opportunity to provide financing to customers and conduct promotional activities across their dealership network in India.

As part of our lending operations, we provide trade advances to dealers, which facilitates their customers to enter into loan agreements with us. These arrangements accelerate the process of financing and helps us maintain close relationships with dealers. From time to time, we also organise dealer conferences and sales meetings, through which dealers provide us with feedback on customer requirements and market trends. As part of our marketing efforts, we also organise 'loan fairs' with dealers.

**Dealer Council**

We formed a 'Dealer Council' in 2009, which includes a select mix of OEM dealers. Our Dealer Council is mandated to discuss ways to strengthen our relationships with the dealers and develop a framework to address the various financial requirements of the dealers and provide structured feedback on market trends and customer preferences. Further, we expect that our Dealer Council will help us to undertake process improvement initiatives based on the feedback from dealers and customers, which we believe will help us in becoming more customer centric.

**Our Operations – Lending Policy**

**Initial Evaluation**

Once we identify a customer and complete his application, a field executive obtains information from the customer, including proof of identification and residence, background, potential of servicing the loan, other outstanding loans, loan type sought and the proposed use of the vehicle being financed. We also require that the customer provide a guarantor, typically another vehicle owner and preferably an existing or former customer of ours.

For a customer seeking to finance a pre-owned vehicle, our field executive prepares a vehicle inspection and evaluation report to determine the registration details, condition and market value of the vehicle. The field executive also prepares a field investigation report, which includes details of various moveable and immoveable properties of the applicant and guarantor. For an existing customer, the field executive also evaluates the customer's track record of payments.

The field executive then recommends whether the loan should be approved based on our prescribed guidelines and forwards a recommendation to the office manager.

**Approval Process**

Our office managers evaluate proposals received from field executives. Office managers primarily evaluate a customer's ability to repay, which includes permanency of residence, record of past repayment, income from other sources, and operational viability of the proposed business, if applicable. To minimise the time required for approvals, we conduct know your customer procedures as required by the RBI, use decentralised approval authority and standardised documentation and procedures across our offices. We typically approve loans within two days of receiving a complete application together with relevant supporting documents.

For the trade advances that we provide to authorised dealers of OEMs, we also undertake background checks with the vehicle manufacturer, credit history, business volumes and seasonality. Our head office sets and communicates limits on trade advances for dealers.

For SME financing, there are teams involved which comprise customer relationship, credit, risk and compliance. The customer relationship team collects the credit login information based on which it visits the customer and does the assessment. The customer requirement is fulfilled with products defined in the credit policy. After the customer accepts the product structure, the proposal is provided to the approval authority as defined in the credit policy. Thereafter, the compliance team takes care of the execution of conditions of approval and the disbursement of the loan. The disbursement is conducted through the centralised accounts team at our head office. All the

activities, from login, approval, compliance to disbursement, are undertaken from a single software system. The credit policy and products are designed taking into consideration the customer segments and industry segment.

**Disbursement**

After confirming completion of the initial evaluation and approval process, our field executives meet the customers to execute the loan documentation, ensuring that we gain security over the collateral. The field executive verifies the know your customer checklist with the customer and verifies the completed checklist with information in our file. The field executive explains the contents of the loan documents and based on the customer's request, provides copies of the executed loan documents to the customer. For pre-owned vehicles, we also require endorsement of the registration certificate and the insurance policy. We aim to appraise customers and complete disbursement within the shortest amount of time while adhering to our internal standards and regulatory requirements.

**Loan Administration and Monitoring**

At the outset of loan disbursement, we give our customers an option to pay using methods such as cash, cheque, automated clearing house and other digital modes of payment – at a frequency that is fixed after determining the customer's expected cash flow. For cash collections, our field executives visit customers to collect instalments as they become due. We track loan repayment schedules on a monthly basis centrally through a team which monitors instalments due and loan defaults. We ensure that all customer accounts are reviewed by an office manager at regular intervals, with customers who have larger exposures or missed payments reviewed more frequently.

**Collection and Recovery**

Our field executives are responsible for collecting instalments, with each field executive typically having responsibility for a specified number of borrowers, depending on the volume of loan disbursements in the area. We are considering opening a new office to handle additional customers in the region in an effort to ensure that each office can closely monitor its risks and collections.

We believe that our loan recovery procedure is well suited to rural and semi-urban markets. The entire collection process is administered in-house. If a customer misses instalment payments, our field executives identify the reasons for default and initiate action pursuant to our internal guidelines.

In the event of default under a loan agreement, we may initiate the process for repossessing collateral. We generally use external agencies to repossess collateral. Where appropriate, our collections department co-ordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

**Asset Quality**

We maintain our asset quality by adhering to credit evaluation standards, limiting customer and vehicle exposure and interacting with customers directly and regularly. We ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents. We periodically inspect, either by ourselves or by internal auditors, our customers and the assets financed on a random basis. Our office accountants conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdues.

***Asset Classification***

The Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 (**Master Directions**) provide standards for asset classification, treatment of NPAs and provisioning against NPAs for deposit-taking NBFCs in India. Our Company, like other deposit-taking NBFCs, is required to classify lease and hire purchase assets, loans, advances and other forms of credit into various classes.

The Master Directions for asset classification are set forth below:

- *Standard asset* – an asset in respect of which no default in repayment of principal or payment of interest is perceived and which has no disclosed problems and does not carry a risk higher than is normally associated with the business.

- *Sub-standard asset* – means an asset which has been classified as non-performing asset for a period not exceeding 14 months, provided that the period 'not exceeding 14 months' shall be 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending

March 31, 2018 and thereafter. An asset shall be sub-standard where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;

- *Doubtful asset* – an asset which remains a sub-standard asset for a period exceeding 14 months, provided that the period 'not exceeding 14 months' shall be 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter; and

- *Loss asset* – an asset that (a) has been identified as a loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

An NPA means:

- an asset, in respect of which, interest has remained overdue for a period of six months or more;

- a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;

- a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;

- a bill which remains overdue for a period of six months or more;

- the interest in respect of a debt or the income on receivables under the line item "other current assets" in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;

- any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

- provided that the period of 'six months or more' provided in the clauses above shall be read as 'five months or more' for the Financial Year 2016; 'four months or more' for the Financial Year 2017; and 'three months or more' for the Financial Year 2018 and thereafter;

- the lease rental and hire purchase instalment, which has become overdue for a period of 12 months or more; provided that the period of "12 months or more" provided in this clause shall be read as 'nine months or more' for the Financial Year 2016; 'six months or more' for the Financial Year 2017; and 'three months or more' for the Financial Year 2018 and thereafter; and

- in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes a non-performing asset; provided that in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

The Master Directions require NBFCs to make provisions against sub-standard assets, doubtful assets and loss assets, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of the security charged.

**Loans Advances and Other Credit Facilities including Bills Purchased and Discounted**

The provisioning requirement in respect of loans advances and other credit facilities including bills purchased and discounted is:

- Standard Assets Provisioning: Every applicable NBFC shall make provisions for standard assets at 0.40% of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as "Contingent Provisions against Standard Assets" in the balance sheet.

- Sub-standard Assets: A general provision of 10.0% of the total outstanding sub-standard assets is required to be made;

- Doubtful Assets: (a) A 100.0% provision to the extent to which the advance is not covered by the realisable value of the security to which the applicable NBFC has a valid recourse shall be made; the realisable value is to be estimated on a realistic basis; and (b) in addition to (a), depending on the period for which the asset has remained doubtful, provision to the extent of 20.0% to 50.0% of the secured portion of the doubtful assets (i.e., estimated realisable value of the outstanding amount) is required to be made as follows: (i) if the asset has been considered doubtful for up to one year, provision to the extent of 20.0% of the secured portion of the doubtful assets is required to be made; (ii) if the asset has been considered doubtful for one to three years, provision to the extent of 30.0% of the secured portion of the doubtful assets is required to be made; and (iii) if the asset has been considered doubtful for more than three years, provision to the extent of 50.0% of the secured portion of the doubtful assets is required to be made; and
- Loss Assets: The entire asset is required to be written off. If the asset is permitted to remain in the books for any reason, 100.0% of the outstanding amount should be provided for.

**Lease and Hire Purchase Assets**

The provisioning requirement in respect of hire purchase assets is the total dues (overdues and future instalments, collectively) as reduced by (a) the finance charges not credited to the profit and loss account and carried forward as non-matured finance charges; and (b) the depreciated value of the underlying asset. For this purpose (i) the depreciated values of the asset is notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20.0% per annum on a straight line method; and (ii) in the case of second-hand assets, the original cost is the actual cost incurred for acquisition of the second-hand asset.

In respect of lease and hire purchase assets, the following additional provisions are required to be made:

- Standard Assets Provisioning: Every applicable NBFC shall make provisions for standard assets at 0.40% of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as "Contingent Provisions against Standard Assets" in the balance sheet.

- where the amount of hire charges or lease rentals is overdue for less than 12 months, no provision is required to be made;
- where any amount of hire charges or lease rentals is overdue for 12 to 24 months, 10.0% of the net book value should be provided for;

- where any amount of hire charges or lease rentals are overdue for more than 24 months but up to 36 months, 40.0% of the net book value should be provided for;

- where such amount of hire charges or lease rentals are overdue for more than 36 months but up to 48 months, 70.0% of the net book value should be provided for;

- where any amount of hire charges or lease rentals are overdue for more than 48 months, 100.0% of the net book value should be provided for; and

- on expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is required to be provided for.

**Our Provisioning Policy**

With the introduction of Ind AS from April 1, 2018, our Company started recognising provisions based on expected credit loss model ("**ECL**"). The basis of provisioning may be significantly different between the Ind As and Indian GAAP. ECL are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months ("**Stage 1**").

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default as the weight ("**Stage 2**").

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance) ("**Stage 3**").

Until March 31, 2018, our Company followed a more conservative policy, (as approved by the Audit Committee) for making provisions against loans in default than that which has been prescribed by the RBI, and we make further provisions if we identify a risk. Accordingly, our Company made provisions as mentioned below:

| Duration | Our Norms |
|---|---|
| More than 3 months* but less than or equal to 11 months | 10.0% |
| More than 11 months but less than or equal to 24 months | 50.0% |
| More than 24 months | 100.0% |

*Our Company started recognising NPAs based on three months' norms from 30 September 2017. During the Fiscal Year 2017 and 2016, our Company recognised NPAs based on four months' norms and for Fiscal Year 2015 and 2014, our Company recognised NPAs based on five months' norms.

Our Company's write-offs and bad debts were Rs. 1,05,763.10 and Rs. 84,500.16 lakhs for year ended 31 March, 2018 and the year ended 31 March, 2017, respectively. Our Company had a total provision of Rs. 2,07,166.58 lakhs and Rs. 19,34,46.63 lakhs, which constituted 51.25% and 54.74% of our Company's Gross NPAs for 31 March, 2018 and 31 March, 2017, respectively.

Details of provisions and amounts written off by our Company, excluding portfolios of receivables on assignment, as of the specified dates are set out in the table below:

***(Rs. in lakhs except %)***

| Particulars | As of Septmber 30 | As of March 31 | | |
|---|---|---|---|---|
| | 2018 | 2018 | 2017 | 2016 |
| Gross NPAs/ Stage 3 - (A) | 5,63,885.84 | 4,04,229.92 | 3,53,414.54 | 2,72,724.55 |
| Provisions (excluding Standard/ Stage 1&2 Provisions) - (B) | 1,96,717.69 | 20,7,166.58 | 1,93,446.63 | 1,49,213.18 |
| Net NPAs/ Stage 3 (before deducting Standard/ Stage 1&2 Provisions) – (C) | 3,67,168.15 | 1,97,063.34 | 1,59,967.91 | 1,23,511.37 |
| Standard/ Stage 1 & 2 Provisions – (D) | 1,34,854.83 | 19,423.00 | 16,215.00 | 14,035.00 |
| Net NPAs/ Stage 3 (after deducting Standard/ Stage 1&2 Provisions) – (E) | 2,32,313.32 | 1,77,640.34 | 1,43,752.91 | 1,09,476.37 |
| Total Assets before netting ECL provision - (F) | 62,78,227.17 | 54,36,780.55 | 4583683.59 | 39,46,208.15 |
| Gross NPA/ Stage 3 to Total Assets (A)/ (F) | 9.0% | 7.4% | 7.7% | 6.9% |
| Net NPA to Total Assets minus Provisions (C)/ [(F) – (B)] | 6.0% | 3.8% | 3.6% | 3.2% |
| Net NPA/ Stage 3 (after deducting Standard/ Stage 1&2 Provisions) to Total Assets minus Provisions (including Standard) (E)/ [(F) – (B) – (D)] | 3.9% | 3.4% | 3.3% | 2.9% |
| NPA/ Stage 3 Coverage Ratio [1 - (C)/ (A)] | 34.90% | 51.25% | 54.74% | 54.71% |
| NPA/ Stage 3 (after deducting Standard/ Stage 1&2 Provisions) Coverage Ratio [1 - (E)/ (A)] | 58.80% | 56.05% | 59.32% | 59.86% |

**Our Other Business Initiatives**

***Insurance Broking***

We provide insurance broking solutions to individuals and corporates through our wholly owned subsidiary, MIBL. MIBL has a 'composite broking licence' from the Insurance Regulatory and Development Authority, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

The life insurance products that customers can choose from include children's plans, endowment, money-back, retirement plans, term, unit-linked and whole-life plans. Group policies include credit cover, employee term cover, gratuity and superannuation. Non-life insurance policies include personal, industrial, commercial, social and liability products to individuals and corporates. MIBL also offers customised insurance solutions, such as Mahindra Loan Suraksha, which provides group credit term cover to our retail loan customers, typically in rural and semi-urban markets and, in case of the death of a customer, allows the customer's family to retain the financed asset without further loan repayment. MIBL also facilitates protection of the assets hypothecated to our Company by offering motor insurance policies to the customers.

***Housing Finance***

We provide housing finance to individuals through our subsidiary, MRHFL, a registered housing finance company, in which NHB owns a 11% equity capital. We grant housing loans for purchase, construction, extension and renovation of house property. Our housing finance business currently operates in 13 states and 1 Union Territory.

***SME Financing***

Our Company provides loans for varied purposes such as institutional finance, project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to small and medium enterprises. Our Company intends to leverage our existing customer base and the strengths of the Mahindra group to target the auto ancillary, engineering and food and agri-processing sectors through our SME business.

***Mutual Fund Business***

Mahindra Asset Management Company Private Limited, which was incorporated on 20 June 2013, has been appointed as the asset management company of "Mahindra Mutual Fund". Mahindra Mutual Fund was constituted as a trust on 29 September 2015 and was registered with SEBI on 4 February 2016 under the registration code MF/069/16/01. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly owned subsidiary of our Company, is the trustee to the mutual fund.

The maiden fund of the Mahindra Mutual Fund – "Mahindra Liquid Fund" – received approval from the SEBI on 20 June 2016 and was launched on 4 July 2016 Mahindra Mutual Fund has a total of seven live schemes as on September 30, 2018.

***Personal Loans***

Our Company provides personal loans primarily to its existing customers and Mahindra group employees. Customers typically seek personal loans for weddings, children's education, medical treatment or working capital for a small or medium-sized enterprise. These loans are typically repayable in monthly or quarterly instalments.

***Mahindra Finance USA, LLC, United States***

We provide wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra tractors through MF USA, our joint venture with De Lage Landen Financial Services, Inc., in which our Company holds 49% of the equity share capital.

***Treasury Operations***

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced through term loans, issuance of debentures and commercial paper, fixed deposits and securitisation of receivables. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks, liquid debt-based mutual funds and government securities. All of our investments are made in accordance with the investment policy approved by our Board.

The principal components of our Company's secured loans as of the dates indicated are set out below:

***(*Rs.*in lakhs)***

| Secured Loans | As of 30 September 2018 | As of 31 March, | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| **Long-Term Borrowings (including current maturities of long term debt)** | | | | |
| Non-convertible Debentures | 16,25,915.07 | 16,20,254.85 | 14,14,961.60 | 9,59,203.23 |
| Term Loans from Banks | 13,35,817.10 | 9,95,131.62 | 7,29,274.14 | 8,76,514.29 |
| Foreign Currency Loan | 92,855.22 | 1,07,219.47 | 99,559.95 | 80,160.34 |
| *Sub Total* | 30,54,587.39 | 27,22,605.94 | 22,43,795.69 | 1,91,5877.86 |
| **Short-Term Borrowings** | | | | |
| Term Loans from Banks | 66,400.00 | 70,000 | 0.00 | 0.00 |
| Cash Credit | 31,214.42 | 24,805.96 | 62,090.05 | 81,834.60 |
| *Sub Total* | 97,614.42 | 94,805.96 | 62,090.05 | 81,834.60 |
| *Grand Total* | 31,52,201.81 | 28,17,411.9 | 23,05,885.74 | 1,99,7712.46 |

The principal components of our Company's unsecured loans as of the dates indicated are set out below:

**(Rs.*in lakhs*)**

| Unsecured Loans | As of 30 September 2018 | As of 31 March, | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| **Long-Term Borrowings (including current maturities of long term debt)** | | | | |
| Fixed Deposits | 3,47,310.86 | 2,83,980.55 | 4,12,609.43 | 4,60,596.67 |
| Unsecured Bonds (Subordinate Debt) | 3,43,305.95 | 3,26,583.13 | 2,18,410.00 | 1,18,410.00 |
| Term Loans from Banks | 0 | 0.00 | 0.00 | 10,000.00 |
| ICDs | 0 | 0.00 | 55,200.00 | 30,925.00 |
| *Sub Total* | 6,90,616.81 | 6,10,563.68 | 6,86,219.43 | 6,19,931.67 |
| **Short-Term Borrowings** | | | | |
| Commercial Paper | 6,46,547.26 | 4,16,902.32 | 358044.81 | 2,71,204.32 |
| Term Loans from Banks and Financial Institutions | 0 | 10,000.00 | 78,000.00 | 28,100.00 |
| Term Loans – Others | 0 | 0.00 | 0.00 | 0.00 |
| Fixed Deposits | 35,629.08 | 29,756.58 | 25,686.71 | 17,829.68 |
| ICDs | 1,24,575.00 | 57,025.00 | 0.00 | 0.00 |
| *Sub Total* | 8,06,751.34 | 5,13,683.9 | 4,61,731.52 | 3,17,134.00 |
| *Grand Total* | 14,97,368.15 | 11,24,247.58 | 11,47,950.95 | 9,37,065.67 |

In our vehicle financing, SME Finance, housing finance and personal loans businesses, we generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. The average cost of borrowings for our Company for the half-year ended 30 September 2018 and the financial years 2018, 2107 and 2016 was 8.2%, 8.1%, 8.9% and 9.5%, respectively.

We believe that our established track record of timely debt repayment, strong brand equity, credit ratings and risk management have allowed us to secure attractive interest rates on our term loans. While we have gradually decreased our dependence on mutual funds in an effort to diversify our funding sources, pursuant to a SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated 15 February 2016 (the "**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for the financial services sector towards housing finance companies is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling is fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval. This shall restrict our ability to raise funds by issuance of debt securities to mutual funds.

***Fixed Deposits***

We accept fixed deposits, primarily from individuals, corporates and others as a source of financing our business. Our fixed deposits constituted 8.0%, 8.0%, 12.7% and 16.3% of our total borrowings as of 30 September 2018 and 31 March 2018, 2017 and 2016, respectively. Our fixed deposit programme is currently rated 'FAAA' by CRISIL. We offer cumulative and non-cumulative fixed deposits schemes to our customers. As of 30 September 2018, our non-cumulative schemes range from 12 to 60 months, offering quarterly or semi-annual distributions with present interest rates ranging between 7.80% and 8.75% per annum.

***Securitisation/Assignment of Portfolio against Financing Activities***

We currently undertake non-recourse securitisation and assignment of receivables as a cost-effective source of funds and to increase our capital adequacy ratio. We sell a portion of the receivables generated from our financing businesses through securitisation and assignment transactions. In our securitisation transactions, we provide collateral, which can be in the form of undertakings or guarantees by our Company or bank deposits.

During the period ended 30 September 2018, and the financial years 2018, 2017 and 2016, we entered into securitisation and assignment transactions aggregating to Rs. 33,582.63 lakhs, Rs. 55,160.71 lakhs, Rs.33,772.18 lakhs, Rs. 85,586.85 lakhs, respectively.

***Capital Adequacy Ratio***

Our Company is subject to capital adequacy requirements set out by the RBI for systemically important deposit-taking NBFCs, which currently require it to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. The total Tier I capital at any point is required to be at least 10.0% with effect from 31 March 2017. Our Company's Tier 1 capital adequacy ratios were 19.7%, 21.9%, 17.2% and 17.3%, as of 30 September 2018 and 31 March 2018, 2017 and 2016, respectively. Information related to our Company's capital adequacy ratio for the dates specified is set out below:

(***Rs. in lakhs***)

| Secured Loans | As of 30 September, 2018 | As of 31 March | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| Eligible Tier I Capital | 8,24,508.02 | 8,05,483.28 | 5,35,160.02 | 5,27,218.72 |
| Eligible Tier II Capital | 2,92,279.26 | 2,96,719.67 | 1,84,343.92 | 95,563.79 |
| Total Capital | 11,16,787.28 | 11,02,202.95 | 7,19,503.94 | 6,22,782.51 |
| Total Risk – Weighted Assets | 56,73,596.17 | 50,22,785.80 | 41,78,394.61 | 36,02,830.4 |
| Tier I Capital Ratio | 14.5% | 16.0% | 12.8% | 14.6% |
| Capital Adequacy Ratio | 19.7% | 21.9% | 17.2% | 17.3% |

***Risk Management***

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team headed by our Chief Financial Officer that identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk and foreign exchange risk. Our Board has also adopted a foreign exchange and interest rate risk management policy.

***Credit Risk***

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

***Interest Rate Risk***

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. From time to time we enter into interest rate swaps to help manage the risks we may incur from being exposed to liabilities at floating rates.

We maintain an asset liability management policy, which has been approved and adopted by our Asset Liability Committee of the Board. Assets and liabilities are categorised into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

***Operational Risk***

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted decentralised loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

***Liquidity Risk***

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. We attempt to minimise this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through our Asset Liability Committee of the Board and our Operating Committee. Monitoring liquidity risk involves categorising all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

We manage short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks. A summary of our Company's asset and liability maturity profile as of 31 March 2018, which is based on certain estimates, assumptions, RBI guidelines and our prior experience of the performance of its assets, is set out below:

| Particulars | Up to 30/31 days | Over 1 month up to 2 months | Over 2 months up to 3 months | Over 3 months up to 6 months | Over 6 months up to 1 year | Over 1 year months up to 3 years | Over 3 year months up to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 12,796.72 | 15,669.10 | 13,312.83 | 46,707.86 | 63,328.18 | 138,227.52 | 24,058.99 | - | 314,101.20 |
| Advances | 3,72,496.86 | 2,07,802.09 | 185,594.57 | 454,028.21 | 809,615.98 | 2,111,565.64 | 511,158.92 | 202,982.88 | 4,855,245.15 |
| Reserves & surplus | - | - | - | - | - | - | - | 918,019.18 | 918,019.18 |
| Investments | 5,766.55 | 2,749.94 | 6,599.35 | 7,193.20 | 19,216.63 | 11,081.74 | 6,489.50 | 128,219.83 | 187,316.74 |
| Borrowings | 1,02,467.86 | 245,514.47 | 296,396.85 | 134,717.33 | 487,095.32 | 1,547,642.20 | 266,001.49 | 440,869.62 | 3,520,705.14 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | 23,960.84 | - | 23,642.08 | 59,616.55 | - | - | 107,219.47 |

***Cash Management Risk***

Our offices collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

***Asset risk***

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a repossessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realise the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

***Foreign Exchange Risk***

While substantially all our revenues are denominated in rupees, we have incurred and expect to incur indebtedness denominated in currencies other than rupees for our capital requirements. As of 30 September 2018, our Company had an outstanding foreign currency non-repatriable loan of US$ 1280.03 lakhs. This loan has been hedged to INR liability using a cross-currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. We did not have any unhedged foreign currency exposure as on 30 September 2018.

***Risk Management Architecture***

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

- *Audit Committee.* Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorised to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

- *Asset Liability Committee.* Our Asset Liability Committee reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

- *Risk Management Committee*. Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

**Centralised Management and Technology**

Our information technology systems aid us in performing the processes involved in a loan transaction. For example, at the pre-disbursement stage, we store 'know your customer' details and other details of customer appraisal into the system for future reference. After disbursement, our system can generate the interest due on each loan at any given point and track each phase of the payment schedule up to maturity. We can control our information technology system from our head office in Mumbai, allowing senior management to receive operational data on a prompt basis. We are also able to track our liquidity position, which allows us to plan for shortfalls in advance. We have also rolled out an advanced version of the GPRS enabled devices, which functions as a 'mobile office' and is equipped with portable camera, scanning, voice recording and biometric features that enables our employees to originate loans, issue receipts and conduct 'know your customer' checks at a customer's home or business location.

Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems and have established disaster recovery procedures in Mumbai.

**Our Credit Ratings**

Our present credit ratings are set forth below:

| Agency | Instrument | Rating | Outlook |
|---|---|---|---|
| CRISIL | Fixed deposit programme | FAAA | Stable |
| | Short-term debt | CRISIL A1+ | - |
| | Long-term NCD and subordinated debt | CRISIL AA+ | Stable |
| India Ratings | Long-term NCD and subordinated debt | IND AAA | Stable |
| | Short-term debt | IND A1+ | - |
| CARE | Long-term NCD and subordinated debt | CARE AAA | Stable |
| Brickwork | Long-term subordinated debt | BWR AAA | Stable |

**Insurance**

We have taken a corporate cover policy including a fidelity policy, standard fire and special perils, burglary and earthquake cover in respect of our offices across India. We have a money insurance policy in respect of cash in safe and cash in transit. In addition, our directors are insured under directors' and officers' liability insurance policy for the Mahindra group.

**Legal and Regulatory Proceedings**

Our Company is involved in certain legal proceedings in the ordinary course of our business. The cases initiated against our Company and our employees include, among others, petitions for interim reliefs and tax disputes. With effect from 1 December 2015, the board of directors of our Company has adopted a policy for the determination of materiality for disclosure of certain events or information (**Materiality Policy**). With respect to litigation matters, disputes and regulatory actions with any adverse impact on our Company, the Materiality Policy sets thresholds which are determined on the basis of our consolidated financial statements of the prior audited financial year.

We believe that the proceedings in which our Company is involved in is not unusual for a company of our size in the context of doing business in India and any litigation matters, disputes and regulatory actions with an impact which we are subject to are not above the Materiality Policy adopted by the board of directors of our Company. Save as otherwise provided in this Draft Shelf Prospectus, as of the date of this Draft Shelf Prospectus, we are not party to any proceedings, and are not aware of any current, pending or anticipated proceedings by governmental

authorities or third parties, which, if adversely determined, would have material adverse effect on our financial condition and results of operations.

**Employees**

As of 30 September 2018, our Company employed 20,201 employees.

We have established training programmes for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees with courses in specific areas as required. To create a sense of ownership among and as a long-term incentive to our employees, our Company has adopted employee stock option schemes to issue options convertible into Equity Shares to select employees linked to their performance. We also use employee recognition programmes, such as Dhruv Tara, the Annual Convention Award and the Achievement Box, to reward our employees for performance.

We launched the Mahindra Finance Academy in Mumbai on 26 October 2010, which currently provides training to our prospective and present employees at five locations. We conduct a five-day induction programme for our new employees, which covers product knowledge, business processes and aptitude training.

Select employees also participate in the Mahindra group's 'Talent Management and Retention' programme. This programme is developed to identify, assess and acquire talent for the Mahindra group. We also run an assessment and development centre for our promising employees.

**Awards and Accolades**

Our Company has received several awards over the years, including:

- Company was awarded one of India's Best Companies to Work For – 2018 by the Great Place to Work Institute;
- Our Company was recognized among Aon's 19 Best Employers for 2017;
- Our Company has been listed on the Dow Jones Sustainability Index for six years in a row from 2013-2018; and
- Our Company was included in the Sustainability Yearbook 2017, which was released by RobecoSAM; and
- Our Company received an award for Significant Achievement in HR Excellence from the Confederation of Indian Industry in 2016.

**Competition**

We believe that our relationships with dealers, our knowledge of the rural and semi-urban market, existing customer base and associated relationships, the continued expansion of our office network and our dealer relationships coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive. Competition in our industry is expected to continue to increase. Our primary competitors are public sector banks, private banks (including foreign banks), co-operative banks, regional rural banks and NBFCs and private unorganised lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the retail vehicle financing in rural and semi-urban markets, which would result in greater competition and lower spreads on our loans, particularly because these banks have greater resources and access to cheaper funding than we do. Increasing competition from banks in rural and semi-urban markets has already resulted in downward pressure on our interest margins.

**Properties**

Our registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. We currently do not have an agreement with M&M for the use of these premises. Our corporate office is located at 4th floor, A Wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kune Chowk, Worli, Mumbai 400 018, Maharashtra and is leased by our Company.

Except for our offices at Pune, Jaipur and Aurangabad, which properties are owned by us, our other offices and corporate office are located at premises leased or licensed by us. All of our owned properties are free from encumbrances and have clear title except our property at Aurangabad, which is under mortgage for secured non-convertible debentures issued by us.

**Intellectual Property**

Our Company entered into a trademark licence agreement dated 8 December 2009 with M&M for the non-exclusive, non-assignable right to use the trademark 'Mahindra' logo and 'Mahindra & Mahindra' trademark as part of its corporate name and trading style, domain name and its products and services. The trademark licence agreement shall remain valid unless terminated or once our Company ceases to be a subsidiary of M&M. M&M also holds the trademarks for 'Mahindra Finance', 'Mahindra Insource' and 'Mahindra Home Finance Ghar Ki Baat Hai'. We currently do not have a licence agreement with M&M for the use of these trademarks.

**Corporate Social Responsibility**

We have undertaken CSR initiatives in several areas including education with programmes such as the Mahindra Finance Scholarship, which provides scholarships to students from economically disadvantaged areas; Nanhi Kali, which focuses on educational support for underprivileged girls; health with programmes such as blood donations and ambulance donations and environment with programmes such as Mahindra Hariyali under which we planted over 100,000 saplings across India.

## HISTORY, MAIN OBJECTS AND KEY AGREEMENTS

### Brief background of our Company

Our Company was incorporated on January 1, 1991 under the name of Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act, 1956. Our Company commenced its operations, pursuant to a certificate of commencement of business dated February 19, 1991. Pursuant to a fresh certificate of incorporation dated November 3, 1992, consequent to change of name, our Company's name was changed to Mahindra & Mahindra Financial Services Limited. The registered office of our Company is Gateway Building, Apollo Bunder, Mumbai 400 001.

Our Company holds a certificate of registration dated September 4, 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 which has been renewed on March 21, 2007.

### Change in registered office of our Company

There has been no change in the registered office of our Company.

### Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

- To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire purchase or on easy payment system, motor vehicles, taxi cabs, mopeds, scooters, motor cycles, 3 wheelers, auto-rickshaws, automobiles, tractors, commercial vehicles, vans, pickups, earth moving equipment, material handling equipment, trailers, oil rigs, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, airships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, household and office furniture, wireless and television receivers, telephones, telex, tele printers, computers, tabulators, addressing machines and other sophisticated office machinery or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of moveable properties of any kind including machinery, plant of all kinds, to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus, machinery, materials, goods, and articles, to hire out or sell any of the same on hire purchase system and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased be new and/or used, from India or from any part of the world.

- To carry on mutual fund activities in India or abroad, acting as a sponsor to a Mutual Fund, incorporating or causing the incorporation of and/or acquiring or holding shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the Mutual Fund business as permitted under the applicable laws, to set-up, create, issue, float, promote and manage assets, trusts or funds including mutual funds, growth funds, investment funds, income or capital funds, taxable or tax exempt funds, charitable funds, venture funds, risk funds, real estate funds, education funds, on shore funds, off shore funds, consortium funds, or organise or manage funds or investments on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, charities, other associations or other entities), whether in the private or public sector and to act as administrators, managers, portfolio managers; or trustees of funds and trusts, brokers, managers or agents to the issue, registrar to the issue, underwriters to the issue, financial advisors, trusteeship services, and wealth advisory services.

### Key terms of our Material Agreements

**(1) Shareholders Agreement dated November 30, 2012 ("Shareholders Agreement") among our Company, Inclusion Resources Private Limited ("Investor") and MIBL:**

Our Company has executed the Shareholders Agreement with the Investor and MIBL. The Investor is a subsidiary of LeapFrog Financial Inclusion Fund ("**LeapFrog**"), an investment fund focused on

investing in companies engaged in providing high quality and affordable insurance and related financial services to people with low annual incomes.

The salient features of the Shareholder's Agreement are as follows:

(i) **Arrangement with LeapFrog Labs Limited ("LFL"):**

MIBL shall work together with LeapFrog Labs Limited, a company registered under the laws of Scotland, whereby LFL will provide expertise to MIBL to facilitate research, development and technical assistance, and also provide monetary grants towards developing MIBL's insurance capabilities particularly with respect to rural and semi-urban low-income Indians. Towards this end, LFL shall, from its global experience, provide MIBL with insights and resources available to it, from time to time.

(ii) **Relationship with the Mahindra group:**

Our Company shall provide full access to its branch networks (including offices) and customer databases including those of its subsidiaries to MIBL for the purpose of business. The said access shall be exclusive with respect to the business of insurance broking, reinsurance broking and distribution as carried out by MIBL and our Company shall not provide to any other entity engaged in same or competing business as mentioned above. Our Company shall ensure that MIBL shall continue to exclusively manage the loan protection plans i.e. group credit plans for retail individual customers of our Company. Subject to the above, MIBL shall to its best efforts ensure that it shall act as the insurance broker for all the insurance policies taken up by the entities within the Mahindra group.

(iii) **Exit:**

MIBL and our Company will make best efforts to provide an exit from MIBL to the Investor before the end of the 6th year of its investment, either in the form of an IPO, a private sale of equity to a permitted transferee or MIBL may buyback the investor shares in accordance with the buyback regulations and other applicable laws. In the event that the Investor does not fully exit by the end of the sixth year of the investment, our Company will purchase or arrange for another party to purchase Investor's shareholding in MIBL at the then fair market value. This will take place at the request of Investor any time between 6 and 8 years after the investment.

**(2) Shareholders Agreement dated October 16, 2017 ("Shareholders Agreement") among our Company, Inclusion Resources Private Limited ("Investor") and MIBL:**

Inclusion Resources Private Limited, a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore, held 15.0% of the outstanding equity shares of Mahindra Insurance Brokers Limited. On October 16, 2017, our Company entered into a share purchase agreement to sell 5.0% of the outstanding equity shares of MIBL to Inclusion Resources Private Limited and the transaction was completed on October 26, 2017. Subsequently, Leapfrog Financial Inclusion Fund sold all of the outstanding shares of Inclusion Resources Private Limited to Fundamental Insurance Investments Limited which is a member of the XL Catlin Group. XL Catlin Group has since been acquired by the AXA Group and is now known as AXA XL.

**(3) Subscription Agreement dated August 12, 2008 ("Subscription Agreement") between NHB and MRHFL:**

MRHFL and NHB have executed the Subscripion Agreement to mobilise funds for providing long term finance for construction, purchase, renovation, extension of houses for residential purposes in India. Pursuant to the Subscription Agreement, NHB has subscribed to 57,50,000 equity shares of face vaue of Rs 10 each of MRHFL. As on September 31,2018 1,18,91,511 equity shares of Rs. 10 each have been subscribed.

## OUR SUBSIDIARIES

As on the date of this Draft Shelf Prospectus our Company has following four subsidiaries.

**Mahindra Insurance Broking Limited:**

MIBL was incorporated pursuant to a certificate of incorporation dated February 18, 1987 issued by the RoC as an insurance broking business having its Registered Office situated at Mahindra Towers, Mumbai – 400018.

We currently hold 80.0% of the outstanding equity shares of MIBL. We provide insurance broking solutions to individuals and corporates through MIBL. MIBL has a composite broking licence from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers. MIBL earned an income of Rs. 24,498.30 lakhs and achieved a profit after tax of Rs. 5,216.66 lakhs compared to an income of Rs. 17,419.24 lakhs and a profit after tax of Rs. 5,304.81 lakhs for the fiscal year 2017-2018 and 2016-17 respectively.

***Shareholding pattern:***

The Shareholding Pattern of MIBL as on date of this Draft Shelf Prospectus is as follows:

| Sr.No. | Name of Shareholder | Address | No. of Equity Shares | Face Value (in ₹) | Amount (in ₹ ) |
|---|---|---|---|---|---|
| 1. | MMFSL | Gateway Building, Apollo Bunder, Mumbai-400001 | 82,47,304 | 10 | 8,24,73,040 |
| 2. | MMFSL jointly with Mr. V Ravi | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 3. | MMFSL jointly with Mr. Ramesh Iyer | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 4. | MMFSL jointly with Mr. Rajeev Dubey | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 5. | MMFSL jointly with Mr. Rajesh Vasudevan | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 6. | MMFSL jointly with Dr. Jaideep Devare | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 7. | MMFSL jointly with Mr. S. Durgashankar | Gateway Building, Apollo Bunder, Mumbai-400001 | 20 | 10 | 200 |
| 8. | Inclusion Resources Private Limited | 138 Market Street, #10-01 CapitaGreen, Singapore 048946 | 20,61,856 | 10 | 2,06,18,560 |
| **Total** | | | **1,03,09,280** | | **10,30,92,800** |

***Board of Directors:***

The board of directors of MIBL comprises of the following persons:

1. Mr. Rajeev Dubey - Chairman;
2. Dr. Jaideep Devare - Managing Director;
3. Mr. Ramesh Iyer - Director;
4. Mr. V Ravi - Director;
5. Mr. Hemant Sikka - Director;
6. Mr. Nityanath P. Ghanekar - Independent Director;
7. Ms. Anjali Raina - Independent Director; and
8. Mr. Derek Nazareth – Investor Director

**Mahindra Rural Housing Finance Limited:**

MRHFL was incorporated pursuant to a certificate of incorporation dated April 9, 2007 issued by the Registrar of Companies, Mumbai and having its registered office situated at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 for our housing finance business. We hold 89.0% of the outstanding equity shares of MRHFL. The National Housing Bank (NHB), a principal agency to promote housing finance set up in 1988 as a wholly owned subsidiary of the RBI, presently owns a 11.0% of the equity share capital of MRHFL. We provide housing loans to individuals through MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property.

***Shareholding pattern:***

The Shareholding Pattern of MRHFL as on date of this Draft Shelf Prospectus is as follows:

| Sr.No. | Name of Shareholder | Address | No. of Equity Shares | Face Value (in ₹) | Amount (in ₹) |
|---|---|---|---|---|---|
| 1. | MMFSL | Gateway Building, Apollo Bunder, Mumbai-400001 | 9,62,40,643 | 10 | 96,24,06,430 |
| 2. | MMFSL jointly with Mr. Ramesh Iyer | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 3. | MMFSL jointly with Mr. Rajesh Vasudevan | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 4. | MMFSL jointly with Mr. V Ravi | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 5. | MMFSL jointly with Mr. Ravi Kulkarni | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 6. | MMFSL jointly with Mr. Dinesh Prajapati | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 7. | MMFSL jointly with Mr. Anuj Mehra | Gateway Building, Apollo Bunder, Mumbai-400001 | 2 | 10 | 20 |
| 8. | National Housing Bank | Core 5-A, 4th Floor, India Habitat Centre, Lodhi Road, New Delhi - 110003 | 1,18,91,511 | 10 | 11,89,15,110 |
| **Total** | | | **10,81,32,166** | | **108,13,21,660** |

***Board of Directors:***

The board of directors of MRHFL comprises of the following persons:

1. Mr. Ramesh Iyer -Chairman;
2. Mr. Anuj Mehra – Managing Director;
3. Mr. K Chandrasekar - Director;
4. Mr. V Ravi - Director;
5. Mr. Rakesh Awasthi - Nominee Director of NHB;

6. Mr. Nityanath P. Ghanekar - Independent Director;
7. Dr. Narendra Mairpady - Independent Director; and
8. Mrs. Anjali Raina- Independent Director.

**Mahindra Asset Management Company Private Limited:**

MAMCPL was incorporated pursuant to a certificate of incorporation dated June 20, 2013 issued by the Registrar of Companies, Mumbai and having its registered office situated at 4th Floor, A Wing, Mahindra Towers, Dr G M Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018. MAMCPL has been granted registration of its mutual fund, 'Mahindra Mutual Fund' by Securities & Exchange Board of India, under a certificate of registration bearing no. 069/16/01 dated February 4, 2016.

The Mahindra Mutual Fund was constituted as a trust and was registered with SEBI. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly owned subsidiary of our Company, is the trustee to the mutual fund. The maiden fund of the Mahindra Mutual Fund – 'Mahindra Liquid Fund' – received approval from the SEBI in June 2016 and was launched in July 2016. Mahindra Mutual Fund has a total of seven live schemes as on September 30, 2018.

***Shareholding pattern:***

The Shareholding Pattern of MAMCPL as on date of this Draft Shelf Prospectus is as follows:

| Sr.No. | Name of Shareholder | Address | No. of Equity Shares | Face Value (in ₹) | Amount (in ₹) |
|---|---|---|---|---|---|
| 1. | MMFSL | Gateway Building, Apollo Bunder, Mumbai-400001 | 13,99,99,998 | 10 | 1,39,99,99,980 |
| 2. | MMFSL jointly with Mr. Ramesh Iyer | Gateway Building, Apollo Bunder, Mumbai-400001 | 1 | 10 | 10 |
| 3. | MMFSL jointly with Mr. V Ravi | Gateway Building, Apollo Bunder, Mumbai-400001 | 1 | 10 | 10 |
| **Total** | | | **14,00,00,000** | | **140,00,00,000** |

***Board of Directors:***

The board of directors of MAMCPL comprises of the following persons:

1. Mr. V Ravi – Chairman;
2. Mr. Ashutosh Bishnoi – Managing Director and Chief Executive Officer;
3. Mr. Sethu Gururajan-Independent Director; and
4. Mrs. Chitra Andrade – Independent Director

**Mahindra Trustee Company Private Limited:**

MTCPL is a wholly-owned subsidiary of our Company, was registered on July 10, 2013 and having its registered office situated at Mahindra Towers, Mumbai – 400018.

***Shareholding pattern:***

The Shareholding Pattern of MTCPL as on date of this Draft Shelf Prospectus is as follows:

| Sr.No. | Name of Shareholder | Address | No. of Equity Shares | Face Value (in ₹) | Amount (in ₹) |
|---|---|---|---|---|---|
| 1. | MMFSL | Gateway Building, Apollo Bunder, Mumbai-400001 | 4,99,998 | 10 | 49,99,800 |
| 2. | MMFSL jointly with Mr. M.G. Bhide | Gateway Building, Apollo Bunder, Mumbai-400001 | 1 | 10 | 10 |

| Sr.No. | Name of Shareholder | Address | No. of Equity Shares | Face Value (in ₹) | Amount (in ₹) |
|---|---|---|---|---|---|
| 3. | MMFSL jointly with Mr. R.K. Kulkarni | Gateway Building, Apollo Bunder, Mumbai-400001 | 1 | 10 | 10 |
| **Total** | | | **5,00,000** | | **50,00,000** |

***Board of Directors:***

The board of directors of MTCPL comprises of the following persons:

1. Mr. Manohar Gopal Bhide - Chairman;
2. Mr. Debabrata Bandyopadhyay - Independent Director;
3. Mr. Gautam G. Parekh- Independent Director; and
4. Dr. Narendra Mairpady - Independent Director.

## OUR MANAGEMENT

**Board of Directors**

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. As on the date of this Draft Shelf Prospectus, we have 9 (nine) Directors on our Board.

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, defaulter list maintained by the RBI and/or Export Credit Guarantee Corporation of India Limited.

**Details relating to Directors**

| Name, Designation, Age, DIN, PAN, occupation and Term of Appointment | Nationality | Date of Appointment | Address | Other Directorships |
|---|---|---|---|---|
| Mr. Dhananjay Narendra Mungale<br><br>*Chairman &Independent Director*<br><br>Age: 65 years<br><br>DIN: 00007563<br><br>PAN: AADPM4264H<br><br>Occupation: Consultant<br><br>Term of appointment: July 24, 2014 till July 23, 2019 | U.K.<br><br>(Nationality of origin – Indian) | July 24, 2014 | 10 A / Ameya Apartments, Near Kirti College, Off. Dhuru Road, Prabhadevi, Mumbai, 400 028, Maharashtra, India | i. I-nestor Advisors Private Ltd;<br>ii. Mentor Technologies Private Limited;<br>iii. LICHFL Trustee Company Private Limited;<br>iv. Chowgule Steamships Limited<br>v. NOCIL Limited;<br>vi. Tamilnadu Petroproducts Limited;<br>vii. Kalpataru Limited;<br>viii. Samson Maritime Limited; and<br>ix. Mahindra CIE Automotive Limited.<br>x. DSP Investment Managers Private Limited |
| Mr. Ramesh Iyer<br><br>*Vice-Chairman & Managing Director*<br><br>Age: 60 years<br><br>DIN: 00220759<br><br>PAN: AAAPI6054Q<br><br>Occupation: Service | Indian | April 30, 2016 | A-801/802, 8th Floor, Oberoi Gardens, Western Express Highway, Kandivali (East), Mumbai, 400101, Maharashtra, India | i. Mahindra Insurance Brokers Limited;<br>ii. Mahindra First Choice Wheels Limited.;<br>iii. NBS International Limited;<br>iv. Mahindra Rural Housing Finance Limited;<br>v. Mahindra First Choice Services Limited;<br>vi. Mahindra Finance USA LLC; and<br>vii. Finance Industry Development Council |

| Name, Designation, Age, DIN, PAN, occupation and Term of Appointment | Nationality | Date of Appointment | Address | Other Directorships |
|---|---|---|---|---|
| Term of appointment: April 30, 2016 to April 29, 2021 | | | | |
| Mr. V Ravi<br><br>*Executive Director & Chief Financial Officer*<br><br>Age: 59 years<br><br>DIN: 00307328<br><br>PAN: ABKPV6883B<br><br>Occupation: Service<br><br>Term of appointment: July 25, 2015 to July 24, 2020 | Indian | April 23, 2014 (as CFO under Companies Act, 2013)<br><br>July 25, 2015 (as Whole Time Director) | A-4 New Samrat, 2nd Floor, Andheri Kurla Road, Andheri (East), Mumbai, 400069, Maharashtra, India | i. Mahindra Insurance Brokers Limited;<br>ii. Mahindra Rural Housing Finance Limited;<br>iii. Mahindra Asset Management Company Private Limited; and<br>iv. Mahindra Finance USA LLC |
| Mr. V S Parthasarathy<br><br>*Non-Executive Non- Independent Director*<br><br>Age: 55 years<br><br>DIN: 00125299<br><br>PAN: AADPV5236G<br><br>Occupation: Service<br><br>Term of appointment: Liable to retire by rotation | Indian | July 24, 2014 | 3404, Indiabulls SKY, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013. | i. Mahindra eMarket Limited<br>ii. Mahindra USA Inc.;<br>iii. Mahindra Tractor Assembly Inc.;<br>iv. CIE Automotive, S.A.;<br>v. Mahindra Holidays & Resorts India Limited;<br>vi. New Democratic Electoral Trust;<br>vii. Peugeot Motocycles SAS;<br>viii. Tech Mahindra Limited;<br>ix. Mahindra Automotive North America Inc.;<br>x. Mahindra Electric Mobility Limited; and<br>xi. Bombay Chambers of Commerce and Industry. |
| Mr. Chandrashekhar Bhave | Indian | February 3, 2015 | 64 Tower 4, Pebble Bay,1ST Main Rmv 2ND Stage, Dollars | i. Indian Institute for Human Settlements;<br>ii. Avenue Supermarts Limited; and |

| Name, Designation, Age, DIN, PAN, occupation and Term of Appointment | Nationality | Date of Appointment | Address | Other Directorships |
|---|---|---|---|---|
| *Independent Director*<br><br>Age: 68 years<br><br>DIN: 00059856<br><br>PAN: AADPB6164B<br><br>Occupation: Self Employed<br><br>Term of appointment: February 3, 2015 to February 2, 2020 | | | Colony, Bangalore, 560094, Karnataka, India | iii. Vistaar Financial Services Private Limited |
| Mr. Manohar Gopal Bhide<br><br>*Independent Director*<br><br>Age: 79 years<br><br>DIN: 00001826<br><br>PAN: ABBPB2711K<br><br>Occupation: Management Consultant<br><br>Term of appointment: July 24, 2014 till July 23, 2019 | Indian | July 24, 2014 | A-5, Bageshree, Shankar Ghanekar Marg, Prabhadevi, Mumbai, 400025, Maharashtra, India | i. Mahindra Agri Solutions Limited;<br>ii. J. P. Morgan Securities India Private Limited;<br>iii. Talwalkars Better Value Fitness Limited; and<br>iv. Mahindra Trustee Company Private Limited. |
| Mr. Piyush Gunwantrai Mankad<br><br>*Independent Director*<br><br>Age: 76 years<br><br>DIN: 00005001<br><br>PAN: AEDPM7042R<br><br>Occupation: Consultant | Indian | July 24, 2014 | P161, ATS Green Village, Sector - 93A, Expressway, Noida - 201301, Uttar Pradesh, India | i. DSP Investment Managers Private Limited;<br>ii. Heidelberg Cement India Limited;<br>iii. Noida Toll Bridge Company Limited;<br>iv. Hindustan Media Ventures Limited; and<br>v. DSP Pension Fund Managers Private Limited. |

| Name, Designation, Age, DIN, PAN, occupation and Term of Appointment | Nationality | Date of Appointment | Address | Other Directorships |
|---|---|---|---|---|
| Term of appointment: July 24, 2014 till July 23, 2019 | | | | |
| Mrs. Rama Bijapurkar<br><br>*Independent Director*<br><br>Age: 61 years<br><br>DIN: 00001835<br><br>PAN: AADPB9849D<br><br>Occupation: Management Consultant<br><br>Term of appointment: July 24, 2014 till July 23, 2019 | Indian | July 24, 2014 | 8,C-D, Mona Apartments, 46F, Bhulabhai Desai Road, Mumbai, 400026, Maharashtra, India | i. Ambit Private Limited;<br>ii. People Research on India's Consumer Economy;<br>iii. RBL Bank Limited;<br>iv. National Payments Corporation of India;<br>v. Nestle India Limited<br>vi. Redington Gulf FZE; and<br>vii. Emami Limited |
| Dr Anish Shah<br><br>*Non-Executive Non-Independent Director*<br><br>Age: 48 years<br><br>DIN: 02719429<br><br>PAN: AACPS2427B<br><br>Occupation: Service<br><br>Term of Appointment: Liable to retire by rotation | U.S.A. (Nationality of origin – Indian) | March 18, 2016 | 2/21, Beach Queen, 35/3, Azad Road, Juhu, Mumbai, 400049, Maharashtra, India | i. Mahindra Trucks & Buses Limited;<br>ii. Mahindra Lifespace Developers Limited;<br>iii. PF. Holdings B.V.;<br>iv. Mahindra Vehicle Sales and Service Inc;<br>v. Resfeber Labs Private Limited;<br>vi. Mahindra Ecole Centrale; and<br>vii. Orizonte Business Solutions Limited. |

**Profile of Directors**

**Mr. Dhananjay Narendra Mungale**

Mr. Dhananjay Narendra Mungale is a Chairman and independent director of our Company. He has been associated with our Company for a period of over 18 years.

**Mr. Ramesh Iyer**

Mr. Ramesh Iyer has been Vice-Chairman & Managing Director of our Company with effect from March 18, 2016 and is associated with us since inception.

Mr. Ramesh Iyer has also recently won the "Business Leadership Award" by Indian Achievers Forum on September 10, 2015. In 2014, he was also awarded the "Best CEO – Financial Services" Mid-Sized Companies by Business Today. He has also been conferred two awards in the category "CEO of the Year" & "Most Admired Rural Entrepreneur of the Year Award" at The Rural Marketing Forum and Awards, conducted by CMO Asia on February 14, 2015. He is also the recipient of the award "CEO – Financial Services" at the CEO Awards 2015 organized by CEO India magazine on March 12, 2015. He has received the prestigious Asia Pacific Entrepreneurship Award (APEA) 2017 INDIA on 27th April 2017.

**Mr. V Ravi**

Mr. V Ravi is the Executive Director and Chief Financial Officer of our Company and has been associated with our Company since its inception.

Mr. V Ravi was awarded the "CFO 100 Roll of Honour 2014" award in the category – 'Winning Edge in Raising Capital/Fund Management – Revenues above ₹ 1,000 Crores' in the year 2014. He was also awarded the "CFO100 League of Excellence 2015" award by CFO 100. In 2015, he has also been recognized as the "Most Influential CFO in India" by the Chartered Institute of Management Accountants. Mr. Ravi was awarded "100 Most Influential CFO's of India" from Chartered Institute of Management Accountants (CIMA) on June 23, 2016**.** "100 Top Most Influential BFSI Leaders Citation" award given by World BFSI Congress & Awards on February 13, 2018.

**Mr. V S Parthasarathy**

Mr. V S Parthasarathy is non-executive and non-independent director of our Company. He has been associated with our Company for a period of over 4 years.

He has received many accolades and recognitions in the field of finance, M&A & IT; some notable awards being:

- **As group chief financial officer ("CFO")**
  - Hall of Fame Award, 2018 by Yes Bank for Exemplary Financial Leadership & Industry Role Model
  - CFO Hall of Fame – from CFO India in 2014 for life time contribution to world of Finance
  - CFO Manufacturing Sector –At 8th ICAI Awards 2014 by The Institute of Chartered Accountants of India
  - CFO of the Year' 2013 award – from International Market Assessment *(IMA)*
  - Best CFO of India Award by Corporate Excellence Awards

- **As group chief information officer ("CIO")**
  - Digital Icon of India by HPE, 2018 for taking the business to the next orbit in terms of digital transformation journey and being an inspiration for other industry leaders
  - CIO Life Time Achievement by UBS transformance 2017
  - CIOL Life Time Achievement Award by CIOL's C-Change Enterprise Awards 2015
  - Global CIO-Hall of Fame 2012 by Information Week,
  - CIO 100 – Hall of Fame by CIO after winning the awards for 4 consecutive years.

- **As president – group finance and mergers and acquisition**
  - CFO Innovation Asia Award 2014 for Excellence in Mergers & Acquisitions
  - Best CFO Award - 2012 by Business Today / Yes Bank in the "Enhancing Competitiveness through M&As.
  - Facilitation of Global M&A Strategy by CCH Wolters & Kluwer
  - Award for Innovation & excellence for 'Treasury Transformation' from TMI

**Mr. Chandrashekhar Bhave**

Mr. Chandrashekhar Bhave is an independent director of our Company. He has been associated with our Company for a period of over 3 years. He started his career in the Indian Administrative Service (IAS) in 1975.

Mr. Bhave was the Chairman of SEBI, India's capital markets regulator, from 2008 to 2011. Prior to this, he was the Chairman and Managing Director of the National Securities Depository Limited (NSDL). He was also the Chairman of the Asia-Pacific Regional Committee of the International Organisation of Securities Commissions (IOSCO).

Mr. Bhave has several professional affiliations that include:

- Member of the Board of the Public Interest Oversight Board (PIOB), Madrid which supervises the work of the standard-setting bodies of the International Federation of Accountants from the perspective of public interest.
- Member of the City of London Advisory Council for India.
- Trustee of the IFRS Foundation, London that oversees the International Accounting Standards Board and Independent and Public Spirited Media Foundation.
- Member of the Board of Directors of Avenue Supermarts Ltd.
- Trustee of the Independent Public Spirited Media Foundation.
- Member of the Regulatory Committee Abu Dhabi Global Markets.

**Mr. Manohar Gopal Bhide**

Mr. Manohar Gopal Bhide is an independent director of our Company. He has been associated with our Company for a period of over 17 years.

**Mr. Piyush Gunwantrai Mankad**

Mr. Piyush Gunwantrai Mankad is an independent director of our Company. He has been associated with our Company for a period of over 13 years. Mr. Piyush G. Mankad joined Indian Administrative Service in 1964.

**Mrs. Rama Bijapurkar**

Mrs. Rama Bijapurkar is an independent director of our Company for a period of over 10 years. She is a respected thought leader on India's Consumer Economy and is a leading market strategy consultant. She is the author of "WALTO", "A Never- Before – World- Tracking the Evolution of Consumer India" and "Customer in the Boardroom" Crafting Customer- Based Business Strategy and is a visiting faculty at the Indian Institute of Management, Ahmedabad.

**Dr. Anish Shah**

Dr. Anish Shah is a director of our Company. He holds a Ph.D. degree and a Master's degree in Industrial Administration (Accounting) from Carnegie Mellon University, Pennsylvania. He also holds a Postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad. His former role was President and Chief Executive Officer of GE Capital India.

**Remuneration of the Directors**

Pursuant to a resolution dated March 20, 2015, and in compliance with requirements under Section 134(3)(e) of the Companies Act, 2013 read with Section 178(2) of the Companies Act, 2013 and erstwhile clause 49 of the listing agreement, our Company has formulated a policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management. Pursuant to a resolution passed by the Board at its meeting held on March 19, 2014, the Board has constituted a Nomination and Remuneration Committee ("**NRC**").

**Details of remuneration paid/payable to our Directors during the financial year ended March 31, 2018 by our Company are as follows:**

***(in ₹lakhs)***

| Sr. No. | Designation | Amount |
|---|---|---|
| 1. | Mr. Dhananjay Narendra Mungale | 33.50 |
| 2. | Mr. Ramesh Iyer | 608.30 |
| 3. | Mr. V Ravi | 264.52 |
| 4. | Mr. V S Parthasarathy | NIL |

| Sr. No. | Designation | Amount |
|---|---|---|
| 5. | Mr. Chandrashekhar Bhave | 25.60 |
| 6. | Mr. Manohar Gopal Bhide | 27.70 |
| 7. | Mr. Piyush Gunwantrai Mankad | 26.60 |
| 8. | Mrs. Rama Bijapurkar | 23.30 |
| 9. | Dr. Anish Shah | NIL |

Pursuant to the recommendation of our NRC at its meeting held on April 25, 2018 and the resolution passed by the Board of the Directors at its meeting held on April 25, 2018, the eligible Non-Executive directors and Independent directors have been paid commission for the Fiscal 2018, as follows:

***(in ₹lakhs)***

| Sr. No. | Designation | Amount |
|---|---|---|
| 1. | Mr. Dhananjay Mungale - Chairman of the Board | 24.00 |
| 2. | Mr. C. B. Bhave – Chairman of the Audit Committee | 17.00 |
| 3. | Mr. Piyush Gunwantrai Mankad – Chairman of the Nomination and Remuneration Committee | 17.00 |
| 4. | Mr. Manohar Gopal Bhide – Chairman of the Asset Liability Committee | 17.00 |
| 5. | Mrs. Rama Bijapurkar – Chairperson of the Stakeholders Relationship Committee | 17.00 |

Pursuant to the special resolution passed at the 25th AGM of our Company held on July 24, 2015 all the Directors who are neither in the full time employment of our Company, nor Managing Director or Executive Director of our Company with effect from April 1, 2015, shall be paid remuneration by way of commission either by way of a monthly payment or at a specified percentage of the net profits of our Company or partly by one way and partly by the other, as the Board of Directors may from time to time determine, up to one per cent of the net profits of our Company.

Pursuant to the resolutions passed by the Board at its meetings held on July 24, 2014, April 23, 2015 January 21, 2016, and July 24, 2017 the independent directors and eligible Non-Executive Director(s) are entitled to be paid sitting fees for attending the meetings of the Board and its Committees as under:

| Meeting | Overall limit per Director (₹) |
|---|---|
| Meetings of the Board | 50,000 |
| Meetings of Audit Committee | 40,000 |
| Meetings of Nomination and Remuneration Committee | 30,000 |
| Meetings of Risk Management Committee | 30,000 |
| Meetings of Asset Liability Committee | 30,000 |
| Meetings of Corporate Social Responsibility Committee | 30,000 |
| Meetings of Stakeholders Relationship Committee | 30,000 |
| Meetings of the Committee for Strategic Investments | 20,000 |
| Meetings of the IT Strategy Committee | 20,000 |

**Appointment and Remuneration of Managing Director**

Mr. Ramesh Iyer, was re-appointed as Vice-Chairman & Managing Director of our Company for a period of 5 (five) years with effect from April 30, 2016 pursuant to a resolution of the Board passed at its meeting held on April 23, 2016.

Further, the salary payable to Mr. Ramesh Iyer was restructured, within the scale of ₹ 5,00,000 to ₹ 10,00,000 per month *vide* resolution of the Nomination and Remuneration Committee dated April 23, 2016. The shareholders of our Company have approved the remuneration pursuant to the Special Resolution passed by Postal Ballot on June 16, 2016.

The remuneration payable to our Managing Director by way of salary and other perquisites is as follows:

**(i) Salary:**

Salary payable is in the scale of ₹ 5,00,000 to ₹ 10,00,000 per month.

**(ii) Perquisites:**

(a) In addition to the salary, the Managing Director shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under the Company's Special Post Retirement Benefits Scheme in accordance with the Rules of our Company.

(b) The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

(c) Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act,1961.

(d) Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.

(e) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

**(iii) Commission:**

In addition to the salary and perquisites, the Managing Director would be entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Our Managing Director was paid a commission of ₹ 116.69 lakhs for the year ended March 31, 2018 and as approved *vide* the resolution passed at the meetings of the NRC and Board of Directors on April 25, 2018.

**(iv) Other Applicable Terms:**

Where in any financial year during the currency of the tenure of the Vice-Chairman & Managing Director, our Company has no profits or inadequate profits, our Company may pay to the Managing Director remuneration as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits subject to receipt of approvals.

Encashment of earned leave at the end of the tenure as per our Company's Rules is not included in the computation of ceiling on remuneration.

Provision for car for use on Company's business and telephone and other communication facilities at residence would not be considered as perquisites.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director of our Company has received a commission of Rs. 76,56,314 from Mahindra Insurance Brokers Limited, subsidiary of the Company. Mr. Ramesh Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding company, Mahindra & Mahindra Limited. The remuneration of Mr. Ramesh Iyer is as per the "Policy on Remuneration of Directors" of our Company.

During the Fiscal 2018 Mr. Ramesh Iyer was paid a compensation of Rs. 608.30 lakhs.

**Appointment and Remuneration of Executive Director & Chief Financial Officer**

Mr. V Ravi was appointed as the Executive Director & Chief Financial Officer of our Company on the recommendation of NRC at its meeting held on July 24, 2015 and pursuant to a resolution of the Board passed at its adjourned meeting held on July 24, 2015 for a period of 5 years with effect from July 25, 2015.

Mr. V. Ravi, was appointed as Executive Director & Chief Financial Officer of our Company for a period of 5 (five) years with effect from July 25, 2015 to July 24, 2020 pursuant to a Special Resolution of the Members passed by way of Postal Ballot on June 16, 2016

**The remuneration payable to our Executive Director & Chief Financial Officer is as follows:**

**(i) Salary:**

₹ 3,00,000 per month in the scale of ₹ 3,00,000 to ₹ 6,00,000 per month.

**(ii) Perquisites:**

(a) In addition to the salary, Mr. V Ravi is also entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under our Company's Special Post Retirement Benefits Scheme in accordance with the Rules of our Company.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

(b) Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

(c) Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.

(d) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

**(iii) Commission:**

In addition to the salary and perquisites, Mr. V Ravi is entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Provided that the remuneration payable to Mr. V Ravi (including the salary, commission, perquisites, allowances, benefits and amenities) shall not exceed the limits laid down in sections 197 of the Companies Act, 2013 read with Rules framed thereunder, including any statutory modifications or re-enactment thereof for the time being in force read with Schedule V of the Companies Act, 2013.

If in any financial year during the currency of the tenure of Mr. V Ravi, our Company has no profits or its profits are inadequate, subject to the requisite approvals, our Company may pay the remuneration, as mentioned aforesaid, as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of Part II of Schedule V of the Act. The remuneration proposed for Mr. V. Ravi is as per the 'Policy on Remuneration of Directors' of our Company.

During the year ended March 31, 2018, Mr. V. Ravi has received a commission of Rs. 19,15,000, from Mahindra Insurance Brokers Limited, a subsidiary of the Company.

Mr. V. Ravi has been paid a commission of ₹ 53.05 lakhs for the year ended March 31, 2018 and as approved *vide* the resolution passed at the meetings of the NRC and Board of Directors on April 25, 2018.

During the Fiscal 2018 Mr V. Ravi was paid a compensation of Rs. 264.52 lakhs.

**Borrowing Powers of the Board**

Pursuant to a resolution passed by the Board at its meeting held on April 25, 2018, and the approval of the shareholders by way of postal ballot on June 14, 2018 in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans (including working capital facilities) obtained from our Company's bankers in the ordinary course of business) shall not exceed Rs. 70,000 crores (Rupees Seventyt Thousand Crores only).

**Interest of the Directors**

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them and the independent directors may be deemed to be interested to the extent of commission out of net profits as may be paid to them as approved by the shareholders in the Annual General Meeting held on July 24, 2015, of our Company. All the non-executive independent directors of our Company are entitled to receive sitting fees for every meeting of the Board or a committee thereof. The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer of our Company are interested to the extent of remuneration paid for services rendered as an officer or employee of our Company.

All the directors of our Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, stock options such as employee stock options scheme held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company. None of the Directors have any interest in immovable property acquired or proposed to be acquired by our Company in the preceding two years as of the date of this Draft Shelf Prospectus.

Our Company's directors have not taken any loan from our Company. Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees. For details, refer "***Financial Statements***" beginning on page 142 of this Draft Shelf Prospectus.

None of the relatives of the Directors have been appointed to an office or place of profit.

Except as disclosed hereinabove and the section titled "***Risk Factors***" on page 17 of this Draft Shelf Prospectus the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the section titled "***Financial Statements***" and to the extent of compensation and commission if any, and their shareholding in the Company, our Directors do not have any other interest in our business.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

As on the date of this Draft Shelf Prospectus, no relatives of any of our Directors have been appointed to a place or office of profit in our Company.

None of our present Directors are related to each other.

**Debenture holding of Directors:**

As on March 31, 2018 none of the Directors of our Company hold any Debentures issued by our Company.

**Changes in the Directors of our Company during the last three years:**

The changes in the Board of Directors of our Company in the three years preceding the date of this Draft Shelf Prospectus are as follows:

| Name of the Director, Designation and DIN | Appointment /Resignation/Change in Designation | Date of Appointment/ Resignation |
|---|---|---|
| Mr. Bharat Doshi<br>Non-Executive Non-Independent Chairman<br>DIN: 00012541 | Cessation<br>(Date of appointment: March 30, 1992) | March 9, 2016 |
| Mr. Dhananjay Mungale<br>Independent Director<br>DIN: 00007563 | Change in designation to Chairman | March 18, 2016 |
| Dr. Anish Shah<br>Additional Director<br>DIN: 02719429 | Appointment | March 18, 2016 |
| Mr. Ramesh Iyer<br>Managing Director<br>DIN: 00220759 | Change in designation and Re-appointment of Mr. Ramesh Iyer as Vice-Chairman & Managing Director for a period of 5 years. | April 30, 2016 |
| Dr. Anish Shah<br>DIN: 02719429 | Appointment regularised as Director | June 16, 2016 |
| Mr. V Ravi<br>Director and Executive Director and Chief Financial Officer<br>DIN: 00307328 | Appointment regularised as Executive Director & Chief Financial Officer | June 16, 2016 |

**Shareholding of Directors, including details of qualification shares held by our Directors**

As per the provisions of our AOA, our Directors are not required to hold any qualification shares. Details of the shares held in our Company by our Directors, as on 30 September 2018 are provided in the table given below:

| S. No. | Name of Director | No. of Equity Shares |
|---|---|---|
| 1. | Mr. Ramesh Iyer | 7,58,029 |
| 2. | Mr. V Ravi | 5,31,197 |
| 3. | Mr. Dhananjay Mungale | 50,000 |
| 4. | Mr. Manohar Gopal Bhide | 50,000 |
| 5. | Mr. Piyush Mankad | 50,000 |

| S. No. | Name of Director | No. of Equity Shares |
|---|---|---|
| 6. | Mrs. Rama Bijapurkar | 30,000 |
| 7. | Mr. V. S. Parthasarathy | 250 |

**Details of various committees of the Board**

Our Company has various committees which have been constituted as a part of the good corporate governance practices.

**A. Audit Committee**

The Board at its meeting held on March 18, 2016 reconstituted the Audit Committeee. The members of the Audit Committee are:

Mr. Chandrashekhar Bhave - Chairman;
Mr. Dhananjay Mungale;
Mr. Manohar G. Bhide;
Mr. Piyush Mankad;
Mrs. Rama Bijapurkar;
Mr. V.S. Parthasarathy; and
Dr. Anish Shah.
The brief terms of reference of the Audit Committee, *inter alia*, include:

**a. Appointment/Re-appointment of Statutory Auditors**

1. To recommend to the Board the appointment/ reappointment, remuneration and terms of appointment/ reappointment of Statutory Auditors ("Auditor/Auditors") of the Company including filling of any casual vacancy thereof and if required, the replacement or removal of the Auditor.

2. To recommend to the Board, the name of individual auditor or the audit firm who may be rotated in the place of the present incumbent.
3. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

4. To approve and recommend to the Board availing of such other services from the Auditor as may be deemed necessary from time to time excluding such services as may be prohibited from time to time and payment for the same.

**b. Functions, Role and Duties**

1. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
2. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
3. Examination of and reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   i. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on the exercise of judgment by management;

   iv. Significant adjustments made in the financial statements arising out of audit findings;

   v. The going concern assumption;

vi. Compliance with accounting standards;

vii. Compliance with listing and other legal requirements relating to financial statements;

viii. Disclosure of any related party transactions;

ix. Modified Opinions in the draft audit report.

4. Providing comments/explanation on observations made by the auditors in the auditors' report/ modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Scrutiny of inter-corporate loans and investments.
7. Valuation of undertakings or assets of the Company, wherever it is necessary.
8. Evaluation of internal financial controls and risk management systems.
9. a. Monitoring the end use of funds raised through public offers/any issue and related matters;
   b. Reviewing, with the Management :
   - the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
   - the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue.

   c. Making appropriate recommendations to the Board to take up steps in this matter.
10. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
11. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board for its approval and discussion with the internal and statutory auditors and the management of the company on any related issues.
12. Monitoring and Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
13. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies.
14. To review the instances of fraud reported by auditor and provide comments thereon.
15. To investigate into any matter within its terms of reference or referred to it by the Board.
16. To obtain outside legal or other professional advice.
17. To seek information from any employee and shall have full access to information contained in the records of the Company.
18. To secure attendance of outsiders with relevant expertise, if it considers necessary.
19. Approval of system for storage, retrieval, display or printout of the electronic records for accounts.
20. To ensure that an Information System Audit of the internal system and processes is conducted at least once in two years to asses operational risk faced by the Company.

**c. Internal Audit**

1. To recommend the appointment, removal and terms of remuneration of the Chief Internal Auditor and review the same.
2. In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
3. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
4. Discussion with Internal Auditors of any significant findings and follow-up thereon.
5. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

**d. Review**

1. Management discussion and analysis of financial condition and results of operations.

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. Statement of deviations:
   - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**e. Related Party Transactions ("RPTs")**

1. In accordance with the provisions of the Companies Act, 2013 and Rules made thereunder ("the Act") and/or Clause 23 of the SEBI Listing Regulations:

   a. Approval or any subsequent modification of transactions of the Company with related parties which are in the ordinary course of business and on arm's length basis;

   b. To grant prior approval for all RPTs which are not in the ordinary course of business and/or on arm's length basis and if approved, recommending it to the Board and for further placing it before the Shareholders for approval in case the transactions exceed the values prescribed under the Act.

2. To grant prior approval to all RPTs to be entered into by the Company in accordance with Clause 23 of the SEBI Listing Regulations as amended from time to time.

3. To grant omnibus approval for RPTs proposed to be entered into by the Company, which shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year. The omnibus approval shall be subject to following conditions:

   (a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPT of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
   (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
   (c) Such omnibus approval shall specify:
      (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
      (ii) the indicative base price / current contracted price and the formula for variation in the price, if any; and
      (iii) such other conditions as the Audit Committee may deem fit.

4. To grant omnibus approval where the need for RPTs cannot be foreseen and aforesaid details are not available, subject to their value not exceeding Rs.1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding one year.
5. To review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.
6. To define significant related party transactions.

**f. CFO Appointment**

To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate and recommend the same to the Board.

**g. Whistle Blower Policy / Vigil Mechanism**

- To oversee/review the functioning of the Whistle Blower Policy/Vigil Mechanism.
- To review matters raised pursuant to Vigil Mechanism.
- To investigate and take actions for frivolous matters if necessary.

**h. Insider Trading Regulations**

Reviewing on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer.

**i. Residual Matters**

- Carrying out such other function as may be delegated to the Committee from time to time.
- Carrying out additional functions as contained in the Listing Regulations or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.
- Confirming annually to the Board that responsibilities outlined in the terms of reference have been carried out.

**B. Nomination and Remuneration Committee ("NRC")**

The Board at its meeting held on July 24, 2017 reconstituted the NRC.The constitution and the terms of reference of the NRC are in compliance with the provisions of section 178(1) of the Companies Act, 2013 and the SEBI LODR Regulations. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director :

(i) All Board appointments shall be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective;

(ii) Ability of the candidate to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making;

(iii) Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

The members of the NRC are:

Mr. Piyush Mankad - Chairman;
Mr. Manohar G. Bhide;
Mr. Dhananjay Mungale;
Mr. Chandrashekhar Bhave and
Mr. V. S. Parthasarathy

The role of the NRC is to establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of our Company in line with the appropriate legislations, establish director retirement policies and appropriate succession plans, devise policy on Board diversity, determine overall compensation policies of our Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2005 ", "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 ", and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes. The role of the Committee includes:

(i) review of market practices and to decide on remuneration packages applicable to the Managing Director, Executive Director(s), Functional Heads, etc., set out performance parameters for Managing Director, Executive Director(s), Functional Heads, etc., and review the same.

(ii) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(iii) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

**C. Stakeholders' Relationship Committee**

The Board in its meeting held on 19th March, 2014 had changed the name of the 'Share Transfer & Shareholders/ Investors' Grievance Committee' to 'Stakeholders Relationship Committee' and had amended its terms of reference subsequently on November 29, 2016 in order to fall in line with the provisions of section 178 of the Companies Act, 2013. The Stakeholders' Relationship Committee was reconsituted by a resolution passed in a meeting by the Board held on July 24, 2015.

The members of the Stakeholders' Relationship Committee are:

Mrs. Rama Bijapurkar - Chairperson
Mr. Manohar G. Bhide;
Mr. Ramesh Iyer; and
Mr. V Ravi.

The terms of reference of the Stakeholders' Relationship Committee, *inter alia*, include:

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of stakeholders/security holders and the investors of our Company. The Committee in particular looks into:

(a) approve transfer of Shares including approving of the transfer of shares on receipt of the duly filled transfer forms along with the duplicate share certificates to Investor Education and Protection Fund ("IEPF");

(b) approve transmission of Equity Shares/Debentures held in the name(s) of a deceased shareholder(s)/ debentureholder(s) to the legal representative(s) without production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company;

(c) approve transmission of Equity Shares/Debentures held in the name(s) of a deceased shareholder(s)/ debentureholder(s) to the legal representative(s) with production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company;

(d) approve the transfer/transmission of other securities;

(e) approve the issue of duplicate share certificate(s) in lieu of the original certificate(s) lost or misplaced, or for the purpose of transferring of shares to IEPF;

(f) look into redressal of shareholders, debentureholders and investor complaints such as transfer of shares/ debentures, non-receipt of Balance Sheet, non-receipt of declared dividends, etc.;

(g) look into all shares and securities related matters including legal cases, compliances under the Companies Act, 2013, Listing Regulations, SEBI Regulations, etc.;

(h) monitor and resolve the grievances of security holders of the Company;

(i) monitor and review the performance and service standards of the Registrar and Transfer Agents of the Company;

(j) provide guidance and make recommendations to improve the service level for investors; and

(k) attend to such other matters and functions as may be prescribed from time to time.

**D. Asset Liability Committee**

The members of the Asset Liability Committee are:

Mr. Manohar G. Bhide – Chairman;
Mr. Dhananjay Mungale;
Mr. Ramesh Iyer;
Mr. V. S. Parthasarathy; and
Mr. V Ravi.

The Asset Liability Committee ("ALCO") was reconstituted by the Board at its meeting held on July 24, 2015. The Committee is responsible for supervising our Company's treasury and financial risk management activities. Its functions include *inter-alia* reviewing the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the RBI.

**E. Committee for Strategic Investments**

The Board in its meeting held on March 23, 2017 had changed the name of the 'Strategy Committee for Acquisitions' to 'Committee for Strategic Investments'. The Committee for Strategic Investments was re-constituted by the Board at its meeting held on March 23, 2017.

The members of the Committee for Strategic Investments are:

Mr. Manohar G. Bhide;
Mr. Dhananjay Mungale;
Mr. V.S. Parthasarathy; and
Dr. Anish Shah.

The Committee for Strategic Investments was constituted by the Board to take up evaluation and scrutinise significant investments/ funding including but not limited to business acquisitions, reviewing and monitoring existing investments in subsidiaries and the joint venture company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

**F. Risk Management Committee**

The Risk Management Committee was reconstituted by the Board at its Meeting held on January 24, 2017. The members of the Risk Management Committee are:

Mr. Chandrashekhar Bhave – Chairman;
Mr. Manohar G. Bhide;
Mrs. Rama Bijapurkar;
Mr. Dhananjay Mungale;
Mr. V. S. Parthasarathy; and
Mr. Piyush Mankad.

The Risk Management Committee was reconstituted by the Board at its Meeting held on January 24, 2017, to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by our Company. The Executive Director and Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high-risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

**G. Corporate Social Responsibility Committee**

The members of the Corporate Social Responsibility Committee are:

Mr. Piyush Mankad - Chairman;

Mr. Ramesh Iyer;
Mr. V Ravi; and
Dr. Anish Shah.

The Corporate Social Responsibility Committee ("**CSR Committee**") was reconstituted on March 18, 2016 and our Company has aligned its CSR Policy in accordance with the Companies Act, 2013 read with the (Corporate Social Responsibility Policy) Rules, 2014 at the Board Meeting held on March 19, 2014. The CSR Committee is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII of the Companies Act, 2013, to be undertaken by our Company, to recommend the amount to be spent on CSR activities and to monitor the CSR Policy periodically. The CSR Committee adopted terms of reference after a resolution been passed at its Board Meeting held on July 22, 2016.

The terms of reference of the CSR Committee, *inter alia*, include:

(i) to formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;

(ii) to recommend the amount to be spent on these activities;

(iii) to monitor the Company's CSR policy periodically;

(iv) to formulate and recommend to the Board for its approval and implementation, the Business Responsibility ("BR") Policy(ies) of the Company, undertake periodical assessment of the Company's BR performance, review the draft Business Responsibility Report and recommend the same to the Board for its approval and inclusion in the Annual Report of the Company; and

(v) to attend to such other matters and functions as may be prescribed from time to time.

**H. IT Strategy Committee**

In compliance with Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS.PPD.No.04/66.15.001/2016-17 dated June 8, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector, the Company has during the year under review constituted an IT Strategy Committee on July 24, 2017.

The Members of the IT Strategy Committee are:

Mr. C. B. Bhave- Chairman;
Mr. Ramesh Iyer;
Mr. V. Ravi and
Mr. Gururaj Rao, Chief Information Officer of the Company.

The scope of the Committee inter-alia includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance.

**Payment of benefits and profit-share to Employees**

The broad structure of compensation payable to employees is under:

(i) Fixed pay which has components like basic salary & other allowances/ flexi pay as per the grade where the employees can choose allowances from bouquet of options.

(ii) Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRA's agreed.

(iii) Incentives either monthly or quarterly based on targets in the lower grades.

(iv) Retirals such as PF, Gratuity & superannuation (for certain grades).

(v) Benefits such as car scheme, medical and dental benefit, loans, insurance, etc., as per grades.

# OUR PROMOTER

## Profile of our Promoter

Our Promoter was incorporated and registered in India under the Indian Companies Act, 1913 on October 2, 1945 as Mahindra & Mohammed Limited. The name of our Promoter was changed to Mahindra & Mahindra Limited on January 13, 1948. There has been no change in the control or management of our Promoter in the three years preceding the date of this Draft Shelf Prospectus.

The registered office of our Promoter is situated at Gateway Building, Apollo Bunder, Mumbai 400 001.

The equity shares of our Promoter are currently listed on BSE and NSE. The global depository receipts of our Promoter are listed on the Luxembourg Stock Exchange and are also admitted for trading on International Order Book of the London Stock Exchange.

Our Promoter is engaged in the automotive, tractor and farm mechanisation sectors. The automotive portfolio includes two wheelers, passenger vehicles, light and heavy commercial vehicles and electronic vehicles. Further, our Promoter manufactures tractors and develops farm mechanisation solutions which help enhance farm productivity

## Interest of our Promoter in our Company

Except as stated under the chapter titled "***Financial Statements***" beginning on page 142 and to the extent of their shareholding in our Company, our Promoter does not have any other interest in our Company's business. Further, our Promoter has no interest in any property acquired by our Company in the last two years from the date of this Draft Shelf Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Further as on September 30, 2018, our Company, has no outstanding bank facilities, which have been guaranteed by our Promoter. Our Promoter does not intend to subscribe to this Issue.

## Other Confirmations

Our Promoter has confirmed that it has not been identified as a wilful defaulters by the RBI or any government authority nor is it in default of payment of interest or repayment of principal amount in respect of debt securities issued by it, if any, for a period of more than six months.

There were no instances of non-compliance by our Promoter on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchange or Securities & Exchange Board of India (SEBI) or any other statutory authority, as disclosed in the chapter titled "***Outstanding Litigations and Defaults***" on page 173.

Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchanges in India or abroad.

## Board of Directors of M&M

1. Mr. Anand G. Mahindra, Executive Chairman
2. Dr. Pawan Goenka, Managing Director
3. Mr. Nadir Godrej, Indepndent Director
4. Mr. M. M. Murugappan, Indepndent Director
5. Mr. R. K. Kulkarni, Indepndent Director
6. Mr. Vikram Singh Mehta, Indepndent Director
7. Mr. Anupam Puri, Indepndent Director
8. Dr. Vishakha Desai, Indepndent Director
9. Mr. T N Manoharan, Indepndent Director

**Shareholding Pattern of M&M as on September 30, 2018:**

Shareholding pattern of M&M is as follows:

**Table I - Summary Statement holding of specified securities**

| Category (I) | Category of shareholder (II) | Nos. of Shareholders (III) | No. of fully paid up equity shares held (IV) | No. of Partly paid-up equity shares held (V) | No. of Shares underlying Depository Receipts (VI) | Total Nos. of shares Held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Voting Rights | | | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| (I) | (II) | | | | | | | | | | | | | | | | | |
| (A) | Promoter & Promoter Group | 22 | 254271118 | 0 | 0 | 254271118 | 21.61 | 254271118 | 0 | 254271118 | 20.45 | 0 | 21.61 | 0 | 0 | 14619630 | 5.75 | 254271118 |
| (B) | Public | 270826 | 865711247 | 0 | 0 | 865711247 | 73.56 | 865711247 | 0 | 865711247 | 69.64 | 0 | 73.56 | 0 | 0 | NA | | 858001773 |
| (C) | Non Promoter-Non Public | 5 | 56824054 | 0 | 66386125 | 123210179 | 4.83 | 123210179 | 0 | 123210179 | 9.91 | 0 | 4.83 | 0 | 0 | NA | | 123210179 |
| (C1) | Shares underlying DRs | 1 | 0 | 0 | 66386125 | 66386125 | NA | 66386125 | 0 | 66386125 | 5.34 | 0 | NA | 0 | 0 | NA | | 66386125 |
| (C2) | Shares held by Employes Trusts | 4 | 56824054 | 0 | 0 | 56824054 | 4.83 | 56824054 | 0 | 56824054 | 4.57 | 0 | 4.83 | 0 | 0 | NA | | 56824054 |
| | | | | | | | | | | | | | | | | | | |
| | **Total:** | **270853** | **1176806419** | **0** | **66386125** | **1243192544** | **100.00** | **1243192544** | **0** | **1243192544** | **100.00** | **0** | **100.00** | **0** | **0** | **14619630** | **1.18** | **1235483070** |

**Table II - Statement showing shareholding pattern of the Promoter and Promoter Group**

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| (1) | Indian | | | | | | | | | | | | | | | | | |
| (a) | Individuals/ Hindu undivided Family | 18 | 7331574 | 0 | 0 | 7331574 | 0.62 | 7331574 | 0 | 7331574 | 0.59 | 0 | 0.62 | 0 | 0 | 140000 | 1.91 | 7331574 |
| | KESHUB MAHINDRA # | 2 | 884592 | 0 | 0 | 884592 | 0.08 | 884592 | 0 | 884592 | 0.07 | 0 | 0.08 | 0 | 0.00 | 0 | 0.00 | 884592 |
| | ANAND GOPAL MAHINDRA | 1 | 1430008 | 0 | 0 | 1430008 | 0.12 | 1430008 | 0 | 1430008 | 0.12 | 0 | 0.12 | 0 | 0.00 | 0 | 0.00 | 1430008 |
| | ANJALI KUMARI MEHRA | 1 | 222208 | 0 | 0 | 222208 | 0.02 | 222208 | 0 | 222208 | 0.02 | 0 | 0.02 | 0 | 0.00 | 0 | 0.00 | 222208 |
| | ANURADHA MAHINDRA | 1 | 457090 | 0 | 0 | 457090 | 0.04 | 457090 | 0 | 457090 | 0.04 | 0 | 0.04 | 0 | 0.00 | 0 | 0.00 | 457090 |

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | DEVESHWAR JAGAT SHARMA | 1 | 30000 | 0 | 0 | 30000 | 0.00 | 30000 | 0 | 30000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 30000 |
| | DHRUV S SHARMA | 1 | 30000 | 0 | 0 | 30000 | 0.00 | 30000 | 0 | 30000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 30000 |
| | GAUTAM P KHANDELWAL | 1 | 4600 | 0 | 0 | 4600 | 0.00 | 4600 | 0 | 4600 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 4600 |
| | LEENA S LABROO | 1 | 1412384 | 0 | 0 | 1412384 | 0.12 | 1412384 | 0 | 1412384 | 0.11 | 0 | 0.12 | 0 | 0.00 | 0 | 0.00 | 1412384 |
| | NISHEETA LABROO | 1 | 160000 | 0 | 0 | 160000 | 0.01 | 160000 | 0 | 160000 | 0.01 | 0 | 0.01 | 0 | 0.00 | 0 | 0.00 | 160000 |
| | RADHIKA NATH | 1 | 93616 | 0 | 0 | 93616 | 0.01 | 93616 | 0 | 93616 | 0.01 | 0 | 0.01 | 0 | 0.00 | 0 | 0.00 | 93616 |
| | SANJAY LABROO | 1 | 145440 | 0 | 0 | 145440 | 0.01 | 145440 | 0 | 145440 | 0.01 | 0 | 0.01 | 0 | 0.00 | 140000 | 96.26 | 145440 |
| | SUDHA KESHUB MAHINDRA * | 5 | 1452032 | 0 | 0 | 1452032 | 0.12 | 1452032 | 0 | 1452032 | 0.12 | 0 | 0.12 | 0 | 0.00 | 0 | 0.00 | 1452032 |

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | UMA R MALHOTRA | 1 | 1009604 | 0 | 0 | 1009604 | 0.09 | 1009604 | 0 | 1009604 | 0.08 | 0 | 0.09 | 0 | 0.00 | 0 | 0.00 | 1009604 |
| | ANUJA P SHARMA | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **(b)** | **Central Government/ State Government (s)** | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **(c)** | **Financial Institutions/ Banks** | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **(d)** | **Any Other (specify)** | **3** | **245927200** | **0** | **0** | **245927200** | **20.90** | **245927200** | **0** | **245927200** | **19.78** | **0** | **20.90** | **0** | **0** | **14479630** | **5.89** | **245927200** |
| **(i)** | **Bodies Corporate** | **2** | **142256772** | **0** | **0** | **142256772** | **12.09** | **142256772** | **0** | **142256772** | **11.44** | **0** | **12.09** | **0** | **0** | **14479630** | **10.18** | **142256772** |
| | PRUDENTIAL MANAGEMENT & | 1 | 141521940 | 0 | 0 | 141521940 | 12.03 | 141521940 | 0 | 141521940 | 11.38 | 0 | 12.03 | 0 | 0.00 | 14479630 | 10.23 | 141521940 |

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | SERVICES PRIVATE LIMITED | | | | | | | | | | | | | | | | | |
| | KEMA SERVICES INTERNATIONAL PVT LTD | 1 | 734832 | 0 | 0 | 734832 | 0.06 | 734832 | 0 | 734832 | 0.06 | 0 | 0.06 | 0 | 0.00 | 0 | 0.00 | 734832 |
| **(ii)** | **M&M BENEFIT TRUST-BHARAT N DOSHI , A.K.NANDA -TRUSTEES** | 1 | 103670428 | 0 | 0 | 103670428 | 8.81 | 103670428 | 0 | 103670428 | 8.34 | 0 | 8.81 | 0 | 0.00 | 0 | 0.00 | 103670428 |
| **(iii)** | **Anand Mahindra Family Trust** | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| **(iv)** | **Mahindra Family Trust - I** | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | **Sub-Total (A)(1)** | **21** | **253258774** | **0** | **0** | **253258774** | **21.52** | **253258774** | **0** | **253258774** | **20.37** | **0** | **21.52** | **0** | **0** | **14619630** | **5.77** | **253258774** |
| **(2)** | Foreign | | | | | | | | | | | | | | | | | |
| **(a)** | Individuals (Non-Resident Individuals/ Foreign Individuals | 1 | 1012344 | 0 | 0 | 1012344 | 0.09 | 1012344 | 0 | 1012344 | 0.08 | 0 | 0.09 | 0 | 0 | 0 | 0 | 1012344 |
| | YUTHICA KESHUB MAHINDRA | 1 | 1012344 | 0 | 0 | 1012344 | 0.09 | 1012344 | 0 | 1012344 | 0.08 | 0 | 0.09 | 0 | 0.00 | 0 | 0.00 | 1012344 |
| **(b)** | Government | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **(c)** | Institutions | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |

| Category (I) | Category & Name of the Shareholders (I) | No. of shareholders (III)$ | No. of fully paid-up equity shares held (IV) | Nos. of Partly paid-up equity shares held (V) | Nos. of Shares Underlying Depository Receipts (VI) | Total Nos. of shares held (VII=IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | | | | | | | | |
| | | | | | | | | Class X | Class Y | Total | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| **(d)** | Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **(e)** | Any Other | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | **Sub-Total (A)(2)** | **1** | **1012344** | **0** | **0** | **1012344** | **0.09** | **1012344** | **0** | **1012344** | **0.08** | **0** | **0.09** | **0** | **0** | **0** | **0** | **1012344** |
| | **Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)** | **22** | **254271118** | **0** | **0** | **254271118** | **21.61** | **254271118** | **0** | **254271118** | **20.45** | **0** | **21.61** | **0** | **0.00** | **14619630** | **5.75** | **254271118** |

**Other Confirmations**

Our Promoter has confirmed that it has not been identified as a Wilful Defaulter. Our Promoter has not been prohibited from accessing or operating in capital markets, nor has it been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory authority. Our Promoter does not intend to subscribe to this Issue.

## SECTION V-FINANCIAL INFORMATION

## FINANCIAL STATEMENTS


| Sr. No. | Particulars | Page No. |
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| 1. | Examination report and Reformatted Consolidated Financial Information | F-1 |
| 2. | Examination report and Reformatted Standalone Financial Information | F-259 |
| 3. | Limited Review Financial Results | F-527 |

**Private and confidential**

The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mahindra Tower, 4th Floor
Dr. G M Bhosale Marg, Worli
MUMBAI 400 018

5 November 2018

Dear Sirs

1. We have examined the attached reformatted consolidated financial information of Mahindra & Mahindra Financial Services Limited (the 'Company'), and its subsidiaries (the Company and its subsidiaries collectively referred to as the 'Group') and its joint venture, which comprise of the Reformatted Consolidated Summary Statement of Assets and Liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the Reformatted Consolidated Summary Statement of Profit and Loss and the Reformatted Consolidated Summary Statement of Cash Flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the Summary of Significant Accounting Policies ('Reformatted Consolidated Financial Information'), annexed to this report for the purpose of inclusion in the Draft Shelf Prospectus and / or Shelf Prospectus and / or Tranche Prospectus(es), and any amendments and supplements thereto (collectively the "**Offering Documents**") to be filed by the Company in connection with its proposed issue of secured and / or unsecured, subordinated redeemable, non-convertible debentures ( "NCDs") of face value Rs. 1000 each, aggregating up to Rs. 10,000 crores (Rupees Ten Thousand crores only), in one or more tranches (the 'Proposed Issue'), as approved by the Board of Directors of the Company, by taking into consideration the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the 'Rules'); and

   b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the 'SEBI Debt Regulations') issued by Securities and Exchange Board of India Act, 1992.

**Management's Responsibility**

2. The preparation of Reformatted Consolidated Financial Information is the responsibility of management of the Company for the purpose set out in the paragraph 11 below. Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Consolidated Financial Information. Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Rules and SEBI Debt Regulations.

**Management's Responsibility *(Continued)***

3. These Reformatted Consolidated Financial Information have been compiled by the management from the Audited Consolidated Financial Statements as at 31 March, 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and for each of the years ended 31 March, 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 which have been approved by Board of directors at their meetings held on 25 April 2018, 25 April 2017, 23 April 2016, 23 April 2015 and 17 April 2014, respectively.

**Auditor's Responsibility**

4. We have examined such Reformatted Consolidated Financial Information taking into consideration:

   a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 24 October 2018 in connection with the Proposed Issue;

   b. requirements of the Rules and the SEBI Debt Regulations; and

   c. Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) ('the Guidance Note').

5. As stated in our audit report referred to in paragraph 3 above, we conducted our audit for the year ended 31 March 2018 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, as applicable. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

   Audit for the financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 was conducted by the predecessor auditors, M/s B.K. Khare & Co., and accordingly reliance has been placed on the Reformatted Consolidated Financial Information examined by them for those years.

   We did not audit the financial statements of three subsidiaries for the year ended 31 March2018, whose Financial Statements reflect total assets of Rs. 45,658.44 lakhs as at 31 March 2018, total revenue of Rs. 26,859.60 lakhs and net cash inflows of Rs. 719.28 lakhs for the year then ended. These financial statements have been audited by another firm of Chartered Accountants, M/s B.K. Khare & Co., whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in these Reformatted Consolidated Financial Information are based solely on the report of other auditors.

We did not audit the financial statements of the joint venture for the year ended 31 March 2018, whose financial statements reflect total assets of Rs. 340,939.06 lakhs as at 31 March 2018, total revenue of Rs. 17,753.18 lakhs and net cash inflows of Rs. 170.76 lakhs for the year then ended. These financial statements have been furnished to us by management and our opinion in so far as it relates to the amounts included in these Reformatted Consolidated Financial Information is based solely on such financial statements certified by management.

**Opinion**

6. In accordance with the requirements of the Rules and the SEBI Debt Regulations and the Guidance Note, we report that the Reformatted Consolidated Financial Information of the Group and its joint venture as at and for the year ended 31 March 2018 examined by us and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, examined by predecessor auditor, M/s. B.K. Khare & Co., Chartered Accountants, for which reliance has been placed on the Reformatted Consolidated Financial Information examined by them, as set out in Annexure I to V to this report are accurately compiled from the audited Consolidated financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014.

7. Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the predecessor auditors, M/s B.K. Khare & Co. for the respective years, we further report that the Reformatted Consolidated Financial Information:

   a. have to be read in conjunction with the notes given in Annexure IV;

   b. the figures of earlier years have been regrouped (but not Reformatted retrospectively for changes in accounting policies), wherever necessary, to conform primarily to the requirements of the Schedule III to the Companies Act, 2013; and

   c. in the preparation and presentation of Reformatted Consolidated Financial Information based on audited Consolidated financial statements as referred to in paragraph 3 and 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 3 above.

8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Restrictions of use**

10. Our report is intended solely for use of management for inclusion in the Offering Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC), as applicable, prepared in connection with the Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Milind Ranade**
*Partner*
Membership No: 100564

Mahindra & Mahindra Financial Services Limited

**Annexure - I**

## Reformatted Consolidated Summary Statement of Assets and Liabilities

Rs. in lakhs

| | Particulars | *Note no.* | **As at 31 March 2018** | As at 31 March 2017 | **As at 31 March 2016** | As at 31 March 2015 | **As at 31 March 2014** |
|---|---|---|---|---|---|---|---|
| **A.** | **EQUITY AND LIABILITIES** | | | | | | |
| 1) | **Shareholders' funds** | | | | | | |
| | a) Share capital | *3* | **12,289.54** | 11,300.83 | 11,292.03 | 11,282.81 | 11,270.50 |
| | b) Reserves and surplus | *4* | **979,231.39** | 684,714.72 | 635,647.75 | 582,988.88 | 518,099.02 |
| | | | **991,520.93** | 696,015.55 | 646,939.78 | 594,271.69 | 529,369.52 |
| 2) | **Minority Interest** | | **14,384.32** | 9,980.11 | 6,752.75 | 4,929.60 | 3,647.83 |
| 3) | **Non-current liabilities** | | | | | | |
| | a) Long-term borrowings | *5* | **2,889,497.52** | 2,491,079.04 | 2,030,035.85 | 1,681,355.66 | 1,824,029.24 |
| | b) Other long-term liabilities | *6* | **54,084.09** | 42,741.10 | 43,263.99 | 30,247.97 | 27,701.56 |
| | c) Long-term provisions | *7* | **83,378.75** | 62,168.69 | 49,184.40 | 35,266.53 | 33,309.64 |
| | | | **3,026,960.36** | 2,595,988.83 | 2,122,484.24 | 1,746,870.16 | 1,885,040.44 |
| 4) | **Current liabilities** | | | | | | |
| | a) Short-term borrowings | *8* | **777,187.24** | 714,064.72 | 516,632.85 | 520,430.47 | 151,027.60 |
| | b) Trade payables - | *9* | | | | | |
| | (i) Due to micro and small enterprises | | **-** | - | - | - | - |
| | (ii) Due to other than micro and small enterprises | | **101,424.54** | 60,687.84 | 41,319.85 | 41,497.25 | 37,387.88 |
| | c) Other current liabilities | *10* | **1,257,414.02** | 1,073,701.93 | 997,577.56 | 827,019.89 | 705,641.21 |
| | d) Short-term provisions | *11* | **184,955.39** | 171,853.34 | 156,912.91 | 117,465.64 | 91,141.33 |
| | | | **2,320,981.19** | 2,020,307.83 | 1,712,443.17 | 1,506,413.25 | 985,198.02 |
| | **TOTAL EQUITY AND LIABILITIES** | | **6,353,846.80** | 5,322,292.32 | 4,488,619.94 | 3,852,484.70 | 3,403,255.81 |
| **B.** | **ASSETS** | | | | | | |
| 1) | **Non-current assets** | | | | | | |
| | a) Fixed Assets | *12* | | | | | |
| | i) Property, Plant and Equipments | | **13,739.60** | 12,931.37 | 12,345.94 | 11,415.94 | 12,350.21 |
| | ii) Intangible assets | | **1,453.40** | 407.81 | 559.35 | 470.09 | 498.15 |
| | iii) Capital work-in-progress | | **-** | 55.67 | 1.85 | 31.54 | 22.99 |
| | iv) Intangible assets under development | | **45.60** | 58.21 | - | - | - |
| | b) Non-current investments | *13* | **77,661.68** | 79,794.03 | 65,220.87 | 55,967.01 | 37,895.56 |
| | c) Deferred tax assets (net) | *14* | **82,318.42** | 75,717.77 | 59,923.93 | 42,125.77 | 32,535.84 |
| | d) Long-term loans and advances | *15* | **3,488,224.42** | 2,812,902.15 | 2,291,841.84 | 1,992,236.65 | 1,777,478.77 |
| | e) Other non-current assets | *16* | **5,882.63** | 12,124.28 | 5,911.39 | 23,853.90 | 14,150.54 |
| | | | **3,669,325.75** | 2,993,991.29 | 2,435,805.17 | 2,126,100.90 | 1,874,932.06 |
| 2) | **Current assets** | | | | | | |
| | a) Current investments | *17* | **41,161.05** | 57,598.21 | 53,383.01 | 9,417.05 | 34,254.63 |
| | b) Trade receivables | *18* | **6,045.98** | 2,295.93 | 2,000.45 | 1,454.15 | 1,710.33 |
| | c) Cash and bank balances | *19* | **48,537.79** | 60,387.54 | 60,593.65 | 49,018.36 | 57,043.28 |
| | d) Short-term loans and advances | *20* | **2,577,808.78** | 2,201,635.67 | 1,925,217.74 | 1,658,533.65 | 1,429,463.20 |
| | e) Other current assets | *21* | **10,967.45** | 6,383.68 | 11,619.92 | 7,960.59 | 5,852.31 |
| | | | **2,684,521.05** | 2,328,301.03 | 2,052,814.77 | 1,726,383.80 | 1,528,323.75 |
| | **TOTAL** | | **6,353,846.80** | 5,322,292.32 | 4,488,619.94 | 3,852,484.70 | 3,403,255.81 |

Summary of significant accounting policies *2*

The accompanying notes form an integral part of Reformatted Consolidated Financial Information.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

**For and on behalf of**
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

Mumbai,
5 November 2018

Mahindra & Mahindra Financial Services Limited

**Annexure - II**

## Reformatted Consolidated Summary Statement of Profit and Loss

Rs. in lakhs

| | Particulars | *Note no.* | **Year ended 31 March 2018** | Year ended 31 March 2017 | **Year ended 31 March 2016** | Year ended 31 March 2015 | **Year ended 31 March 2014** |
|---|---|---|---|---|---|---|---|
| 1 | Revenue from operations | *22* | **853,314.64** | 714,620.43 | 655,386.74 | 602,114.28 | 527,522.73 |
| 2 | Other income | *23* | **4,035.03** | 5,444.65 | 4,358.25 | 3,970.80 | 2,532.55 |
| **3** | **Total Revenue (1+2)** | | **857,349.67** | 720,065.08 | 659,744.99 | 606,085.08 | 530,055.28 |
| **4** | **Expenses:** | | | | | | |
| | Employee benefits expense | *24* | **115,714.13** | 88,663.96 | 70,409.22 | 56,710.19 | 49,450.51 |
| | Finance costs | *25* | **342,631.56** | 318,617.44 | 286,834.73 | 264,299.81 | 228,096.44 |
| | Depreciation and amortization expense | *26* | **5,521.14** | 5,372.32 | 4,569.78 | 4,550.76 | 2,608.05 |
| | Loan provisions and write offs | *27* | **132,735.09** | 138,955.10 | 109,819.07 | 84,912.26 | 51,898.42 |
| | Other expenses | *28* | **99,647.82** | 84,680.81 | 65,700.21 | 55,625.20 | 51,849.11 |
| | **Total Expenses** | | **696,249.74** | 636,289.63 | 537,333.01 | 466,098.22 | 383,902.53 |
| **5** | **Profit before exceptional items and taxes (3-4)** | | **161,099.93** | 83,775.45 | 122,411.98 | 139,986.86 | 146,152.75 |
| 6 | Exceptional items (net income) | *29* | **5,073.72** | - | - | - | - |
| **7** | **Profit before tax (5+6)** | | **166,173.65** | 83,775.45 | 122,411.98 | 139,986.86 | 146,152.75 |
| **8** | **Tax expense:** | | | | | | |
| | Current tax | | **67,631.96** | 46,353.48 | 61,439.94 | 57,611.27 | 58,004.66 |
| | Deferred tax | | **(6,601.69)** | (15,548.01) | (17,768.11) | (10,111.16) | (8,329.33) |
| | | | **61,030.27** | 30,805.47 | 43,671.83 | 47,500.11 | 49,675.33 |
| **9** | **Profit for the year before Minority Interest (7-8)** | | **105,143.38** | 52,969.98 | 78,740.15 | 92,486.75 | 96,477.42 |
| **10** | Minority Interest | | **2,752.25** | 1,806.31 | 1,510.79 | 1,196.21 | 1,035.28 |
| **11** | **Profit for the year (9 - 10)** | | **102,391.13** | 51,163.67 | 77,229.36 | 91,290.54 | 95,442.14 |
| **12** | Earnings per equity share (Rupees) : | *31 (h)* | | | | | |
| | (Face value - Rs.2/- per share ) | | | | | | |
| | (1) Basic | | **17.62** | 9.06 | 13.29 | 16.17 | 16.42 |
| | (2) Diluted | | **17.59** | 9.00 | 13.27 | 16.06 | 16.40 |

Summary of significant accounting policies *2*

The accompanying notes form an integral part of Reformatted Consolidated Financial Information.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

**For and on behalf of**
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

Mumbai,
5 November 2018

Mahindra & Mahindra Financial Services Limited

**Annexure - III**

## Reformatted Consolidated Summary of Statement Cash Flows

Rs. in lakhs

| Particulars | **Year ended 31 March 2018** | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| **Profit before taxes and contingencies and exceptional items** | **161,099.93** | 83,775.45 | 122,411.98 | 139,986.86 | 146,152.75 |
| **Add/(Less):** | | | | | |
| **Non Cash Expenses :** | | | | | |
| Depreciation and amortisation expense | **5,521.14** | 5,372.32 | 4,569.78 | 4,550.76 | 2,608.05 |
| Exchange fluctuation | **50.63** | (695.38) | 1,022.95 | 573.01 | 799.17 |
| Provision for Non-performing assets | **20,643.74** | 49,904.87 | 56,064.16 | 34,728.06 | 25,449.51 |
| Bad debts and write offs | **108,494.65** | 86,325.81 | 51,978.52 | 48,804.81 | 23,981.87 |
| General provision for Standard assets | **3,500.19** | 2,725.36 | 1,775.75 | 1,330.83 | 2,284.13 |
| Higher provision & provision for diminution in the fair value of restructured advances | **(9.27)** | (0.94) | 0.64 | 31.87 | - |
| Employee compensation expense on account of ESOP Scheme | **755.03** | 879.82 | 1,431.06 | 1,065.33 | 307.33 |
| | **138,956.11** | 144,511.86 | 116,842.86 | 91,084.67 | 55,430.06 |
| **Less:** | | | | | |
| **Income considered separately :** | | | | | |
| Income on investing activities | **(7,445.91)** | (6,481.81) | (5,218.58) | (3,962.26) | (2,517.32) |
| Profit on sale of assets | **(51.10)** | (9.76) | (100.34) | (9.65) | (2.80) |
| Profit on sale of current investments | **(114.32)** | (308.35) | - | (468.64) | (9.15) |
| Income from Assignment / Securitisation transactions | **(14,199.95)** | (11,936.72) | (20,633.45) | (25,622.33) | (21,372.47) |
| | **(21,811.28)** | (18,736.64) | (25,952.37) | (30,062.88) | (23,901.74) |
| **Operating profit before working capital changes** | **278,244.76** | 209,550.67 | 213,302.47 | 201,008.65 | 177,681.07 |
| **Add/(Less) : Working capital changes** | | | | | |
| Decrease in interest accrued others | **1,504.99** | 5,087.29 | 901.85 | 909.07 | (1,094.49) |
| (Increase)/Decrease in Trade receivables | **(2,449.63)** | 483.14 | (86.84) | (40,619.64) | (34,614.56) |
| (Increase) in Loans and advances | **(1,197,452.24)** | (890,494.65) | (693,721.05) | (518,052.87) | (771,623.13) |
| | **(1,198,396.88)** | (884,924.22) | (692,906.04) | (557,763.44) | (807,332.18) |
| Add: Increase in current liabilities | **34,369.05** | 81,932.99 | 48,155.39 | 27,128.72 | 25,911.72 |
| | **(1,164,027.83)** | (802,991.23) | (644,750.65) | (530,634.72) | (781,420.46) |
| **Cash used in operations** | **(885,783.07)** | (593,440.56) | (431,448.18) | (329,626.07) | (603,739.38) |
| Advance taxes paid | **(67,727.13)** | (53,253.93) | (65,547.73) | (59,145.11) | (55,919.65) |
| | **(953,510.20)** | (646,694.49) | (496,995.91) | (388,771.18) | (659,659.03) |
| **NET CASH USED IN OPERATING ACTIVITIES (A)** | **(953,510.20)** | (646,694.49) | (496,995.91) | (388,771.18) | (659,659.03) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of fixed assets / software | **(7,050.39)** | (6,283.46) | (5,538.04) | (4,469.93) | (4,115.88) |
| Proceeds from sale of fixed assets | **167.30** | 118.61 | 236.85 | 603.22 | 104.96 |
| Purchase of investments other than Subsidiaries and Joint Ventures | **(671,934.48)** | (547,068.05) | (234,811.88) | (503,028.18) | (214,896.88) |
| Investments in / maturity of term deposits with banks (net) | **12,191.81** | 12,452.00 | 10,913.77 | (4,066.77) | (19,021.00) |
| Sale of investments | **690,618.32** | 523,888.04 | 181,542.05 | 510,262.96 | 188,509.31 |
| Income received from investing activities | **10,016.49** | 7,153.08 | 4,920.43 | 4,105.38 | 2,446.57 |
| Increase in earmarked balances with banks | **(23.26)** | (0.53) | 5.56 | 0.24 | 4.58 |
| Proceeds from sale of long-term investments (in equity shares of Mahindra Insurance Brokers Limited) | **6,500.00** | - | - | - | - |
| **NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)** | **40,485.79** | (9,740.31) | (42,731.26) | 3,406.92 | (46,968.34) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Issue of equity shares (net of issue expenses) | **209,789.87** | 1,612.00 | 490.60 | 313.86 | 307.85 |
| Expenses incurred on issuance of Non-convertible debentures | **(1,871.14)** | (1,653.42) | - | - | - |
| Proceeds from long-term borrowings | **1,351,248.78** | 1,177,979.12 | 1,124,013.62 | 544,609.24 | 1,031,620.37 |
| Repayment of long-term borrowings | **(626,038.22)** | (655,496.36) | (646,291.38) | (684,692.05) | (565,454.15) |
| Proceeds from short-term borrowings | **4,746,276.13** | 5,441,782.70 | 5,920,982.17 | 3,397,139.65 | 3,016,613.09 |
| Repayment of short-term borrowings | **(4,657,816.09)** | (5,260,931.01) | (5,960,554.13) | (3,048,433.78) | (3,017,942.88) |
| Decrease in loans repayable on demand and cash credit/overdraft facilities with banks (net) | **(48,784.27)** | (4,859.70) | 23,174.48 | 2,522.36 | (19,814.61) |
| Decrease in Fixed deposits (net) | **(119,894.01)** | (38,680.21) | 10,402.96 | 107,803.59 | 124,726.58 |
| Proceeds from Assignment / Securitisation transactions (in the form of EIS, Collection charges recovered) | **69,360.66** | 45,708.90 | 99,463.75 | 89,044.34 | 159,029.71 |
| Dividend paid (including tax on dividend) | **(18,357.66)** | (28,868.21) | (28,590.94) | (26,176.51) | (24,422.32) |
| **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)** | **903,914.05** | 676,593.81 | 543,091.13 | 382,130.70 | 704,663.64 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(9,110.36)** | 20,159.01 | 3,363.96 | (3,233.56) | (1,963.73) |

Mahindra & Mahindra Financial Services Limited

**Annexure - III**

## Reformatted Consolidated Summary of Statement Cash Flows (Continued)

Rs. in lakhs

| | | | | | |
|---|---|---|---|---|---|
| **Cash and Cash Equivalents at the beginning of the year** | **43,726.44** | 23,567.43 | 20,203.47 | 23,437.03 | 25,400.76 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note no. 19)** | **34,616.08** | 43,726.44 | 23,567.43 | 20,203.47 | 23,437.03 |
| **Components of Cash and Cash Equivalents** | | | | | |
| Cash and cash equivalents at the end of the year | | | | | |
| - Cash on hand | **1,755.07** | 2,426.02 | 2,390.69 | 1,583.76 | 2,859.48 |
| - Cheques and drafts on hand | **1,264.80** | 1,258.49 | 544.49 | 296.98 | 608.52 |
| - Balances with banks in current accounts | **31,571.21** | 40,041.93 | 20,632.25 | 18,322.73 | 19,967.25 |
| -Term deposits with original maturity up to 3 months | **25.00** | - | - | - | 1.78 |
| **Total** | **34,616.08** | 43,726.44 | 23,567.43 | 20,203.47 | 23,437.03 |

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statements'.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

**For and on behalf of**
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

Mumbai,

5 November 2018

# Mahindra & Mahindra Financial Services Limited

## Summary of Significant Accounting Policies for Reformatted Consolidated Financial Information

Rs. in lakhs

## 1 Corporate Overview

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated and headquartered in Mumbai, India is a publicly held Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The company is a subsidiary of Mahindra & Mahindra Limited.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

| Name of the Subsidiary Company / Joint Venture | Country of Origin | Proportion of Ownership Interest as at 31 March 2018 | Proportion of Ownership Interest as at 31 March 2017 |
|---|---|---|---|
| Mahindra Insurance Brokers Limited (MIBL) | India | 80.00% | 85.00% |
| Mahindra Rural Housing Finance Limited (MRHFL) | India | 89.00% | 87.50% |
| Mahindra Asset Management Company Pvt. Ltd (MAMCL) | India | 100.00% | 100.00% |
| Mahindra Trustee Company Pvt. Ltd (MTCPL) | India | 100.00% | 100.00% |
| Mahindra Finance USA, LLC (MFUSA) | USA | 49.00% | 49.00% |

Mahindra Insurance Brokers Ltd. (MIBL) is incorporated and headquartered in Mumbai. MIBL was granted a Direct Broker's License by the Insurance Regulatory and Development Authority (IRDA) on 18 May 2004, for undertaking direct insurance broking in Life and Non-Life businesses. MIBL has empaneled itself with various public and private insurance companies to offer customized solutions to customers. In September 2011, MIBL was granted a Composite Broker license by the IRDA, thus foraying into Reinsurance Broking business along with Direct Broking.

Mahindra Rural Housing Finance Limited (MRHFL) is a Housing Finance Company registered with the National Housing Bank (the 'NHB), and is engaged in providing home loans primarily in rural and semi-urban areas.

Mahindra Asset Management Company Private Limited (MAMCL), was incorporated under the Companies Act, 1956 on June 20, 2013. MAMCL is incorporated to function as an Investment Manager to "Mahindra Mutual Fund" and has received a license from SEBI on February 4, 2016. MAMCL earns fees from investment management activities of the schemes of Mahindra Mutual Fund.

Mahindra Trustee Company Private Limited (MTCPL) was incorporated under the Companies Act, 1956 on July 10, 2013. MTCPL is incorporated to function as a Trustee to Mahindra Mutual Fund and has been granted a license by SEBI to act as a Trustee. The Company has entered into an Investment Management Agreement with Mahindra Asset Management Company Private Limited (`Investment Manager') for managing the schemes of Mahindra Mutual Fund.

Mahindra Finance USA LLC (MFUSA), a limited liability company, is owned 51% by De Lage Landen Financial Services, Inc. (DLL), a Michigan corporation, and 49% by Mahindra & Mahindra Financial Services Limited (MMFSL, the Company), an India corporation (collectively, the Members). MFUSA is incorporated in the state of Delaware and has its headquarters at 7171 Highway 6 N, Houston, Texas. DLL and MMFSL entered into a Limited Liability Company Agreement dated September 27, 2010 (the Agreement), which created MFUSA and sets forth the structure, term, and allocation of profits and losses for each of the Members. MFUSA's primary businesses are retail and inventory financing of agricultural equipment throughout the United States.

## 2 Summary of Significant Accounting Policies for the year ended 31 March 2018

### 2.1 Principles of Consolidation:

1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

Rs. in lakhs

**2.1 Principles of Consolidation:** ***(Continued)***

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

**2.2 Basis for preparation of Consolidated financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the Subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

**2.3 Use of estimates :**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**2.4 Revenue recognition :**

**a) General :**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Interest Income from retail loan transactions is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying the interest rate implicit in such contracts. Interest income on all other assets is recognised on time proportion basis.

Service charges and other fees on loan transactions are recognised at the commencement of the contract.

Income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

In respect of MMFSL, income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest, recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

In respect of MIBL, Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of Service Tax / GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

In respect of MRHFL, Income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest, recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

Rs. in lakhs

**2.4 Revenue recognition :** ***(Continued)***

**a) General :** ***(Continued)***

Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

In respect of MAMCL, Investment Management Fees are recognised on an accrual basis and are billed to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the MAMCL. Portfolio Management Fees and Fees for Advisory Services will be recognised on an accrual basis when the services are rendered and an enforceable right to receive the fees has arisen in accordance with the terms of the Agreement between MAMCL and its clients.

In respect of MTCPL, Trustee fees are recognised as revenue when the trustee services are performed for the schemes of Mahindra Mutual Fund.

The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non-accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

**b) Commission and brokerage income :**

Commission and brokerage income earned for the services rendered are recognised as and when they are due.

**c) Subvention income :**

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract. The unamortized balance is being disclosed as part of liabilities. For contracts foreclosed / securitised / assigned, balance of subvention income is recognised as income at the time of such foreclosure / securitization / assignment.

**c) Insurance consultancy fees :**

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

**2.5 Income from securitization / assignment transactions :**

**a) Securitisation transactions:**

Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

**b) Assignment transactions:**

Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end based on the formula prescribed as per the Circular dated 21 August 2012. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 6 and 10).

**2.6 Income from investments:**

- Dividend from investments is accounted for as income when the right to receive dividend is established.
- Interest income is accounted on accrual basis.
- Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.
- Profit/ loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Rs. in lakhs

**2.7 Fixed assets, depreciation and amortization:**

**a) Property, Plant & Equipment (PPE):**

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

Assets given on operating lease (new and refurbished vehicles) are shown at the cost of acquisition less accumulated depreciation. These have been grouped under the head 'Vehicles given on operating lease' forming part of Company's PPE in note no.12.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed as long-term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

**b) Depreciation on PPE:**

Depreciation on PPE including new assets given on operating lease is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no. 12.

Used and Refurbished assets given on operating lease are depreciated at the rate of 15% on SLM over the remaining useful life of these assets.

Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**2.8 Foreign exchange transactions and translations :**

**a) Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

**b) Conversion**

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**c) Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

Rs. in lakhs

**2.8 Foreign exchange transactions and translations :** ***(Continued)***

**d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities** ***(Continued)***

Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

As per the risk management policy, the Company has taken currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

**2.9 Investments :**

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more, based on intention of management at the time of purchase, are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Non-current investments in structured instruments are carried at cost less principal repayments till reporting date.

Non-current investments are carried at cost comprising of acquisition and incidental expenses less diminution in value. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary, determined separately for each individual non-current investment.

Any premium on acquisition is amortised over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Current investments are carried at lower of cost and net realisable value. The comparison of cost and net realisable value is done separately in respect of each investment.

**2.10 Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**2.11 Employee benefits:**

**a) Contribution to Provident Fund and National Pension Scheme -**

Company's contribution paid/payable during the year to Provident Fund and National Pension Scheme is recognised in the Statement of profit and loss.

**b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

Rs. in lakhs

**2.12 Borrowing costs :**

Borrowing costs include interest, brokerage on fixed deposits mobilised, discounting charges on commercial papers/zero coupon non-convertible debentures issued and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**2.13 Commercial papers and zero coupon non-convertible debentures :**

Commercial papers and zero coupon non-convertible debentures are recognised at redemption value, net of unamortized discounting charges. The difference between redemption value and issue value is amortised on a time proportion basis and is included under finance costs.

**2.14 Taxation - Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

**a) Current tax :**

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

**b) Deferred tax :**

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain, as the case may be, to be realised.

**c) Minimum Alternate Tax (MAT) :**

MAT credit asset is recognised where there is convincing evidence that the asset can be realised in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

**2.15 Securities issue expenses :**

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Act.

**2.16 Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. The impairment loss is recognized in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

**2.17 Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Rs. in lakhs

**2.18 Provisioning / Write-off on assets**

**a) Provisioning / Write-off on overdue assets**

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

In respect of MRHFL, Loans and other credit facilities are classified as per the National Housing Bank (NHB) guidelines, into performing and non performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above stated in NHB guidelines, if in the opinion of the management, increased provisions are necessary.

**b) Provision on standard assets**

Provision on standard assets has been made @ 0.40% which is in accordance with Reserve Bank of India ('RBI') guidelines.

In respect of MRHFL, the provision on standard assets is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended.

**2.19 Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**2.20 Lease :**

**Where the Company is the lessee -**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

**Where the Company is the lessor -**

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

**2.21 Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## Summary of Significant Accounting Policies for the year ended 31 March 2017

**1)** The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:
   i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
   ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

. The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

| Name of the Subsidiary Company / Joint Venture | Country of Origin | Proportion of Ownership Interest (*) |
|---|---|---|
| Mahindra Insurance Brokers Limited (MIBL) | India | 85.00% |
| Mahindra Rural Housing Finance Limited (MRHFL) | India | 87.50% |
| Mahindra Asset Management Company Pvt. Ltd (MAMCL) | India | 100.00% |
| Mahindra Trustee Company Pvt. Ltd (MTCPL) | India | 100.00% |
| Mahindra Finance USA, LLC (MFUSA) | USA | 49.00% |

***** There is no change in the proportion of ownership interest as compared to the previous year.

**2) Basis for preparation of financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the Subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

**3) Use of estimates :**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**4) Revenue recognition :**

**i. General :**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

**ii. Income from loans :**

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

c) Delayed payment charges, fee based income and Interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

d) In respect of MMFSL, Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

e) In respect of MRHFL, Income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

f) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

g) The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non-accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

**iii. Subvention income :**

Subvention received from dealers/manufacturers on vehicles financed is booked over the period of the contract.

**iv. Brokerage and handling charges Income:**

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.

**v. Insurance consultancy fees:**

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

**vi. Income from assignment / securitisation transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:**

**i.** In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

**ii.** On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment

**iii.** On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012:**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 6 and 10).

**vii. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.
b) Interest income is accrued on time proportion basis.

**5) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets :

**a)** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
**b)** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
**c)** In respect of MMFSL, Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.12.
**d)** Residual value of the assets considered as nil reflecting the realisable value at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprise of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

**6) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

c. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

d. Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

**7) Investments :**

In respect of the Company (MMFSL), in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**8) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**9) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

**(d) Leave encashment / compensated absences -**

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**10) Borrowing costs :**

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**11) Current and deferred tax :**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**12) Securities issue expenses :**

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Companies Act, 2013.

**13) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**14) Provisions and contingent liabilities :**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence

of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**15) Employee stock compensation costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**16) Lease :**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**17) Earnings Per Share :**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## Summary of Significant Accounting Policies for the year ended 31 March 2016

**1)** The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:
   i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
   ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

. The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

| Name of the Subsidiary Company / Joint Venture | Country of Origin | Proportion of Ownership Interest (*) |
|---|---|---|
| Mahindra Insurance Brokers Limited (MIBL) | India | 85.00% |
| Mahindra Rural Housing Finance Limited (MRHFL) | India | 87.50% |
| Mahindra Asset Management Company Pvt. Ltd (MAMCL) | India | 100.00% |
| Mahindra Trustee Company Pvt. Ltd (MTCPL) | India | 100.00% |
| Mahindra Finance USA, LLC (MFUSA) | USA | 49.00% |

***** There is no change in the proportion of ownership interest as compared to the previous year.

**2) Basis for preparation of financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the Subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

**3) Use of estimates :**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**4) Revenue recognition :**

**i. General :**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

**ii. Income from loans :**

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

c) Delayed payment charges, fee based income and Interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

d) In respect of MMFSL, Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

e) In respect of MRHFL, Income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

f) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

g) The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non-accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

**iii. Subvention income :**

Subvention received from dealers/manufacturers on vehicles financed is booked over the period of the contract.

**iv. Brokerage and handling charges Income:**

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.

**v. Insurance consultancy fees:**

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

**vi. Income from assignment / securitisation transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:**

**i.** In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

**ii.** On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment

**iii.** On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012:**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 6 and 10).

**vii. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.
b) Interest income is accrued on time proportion basis.

**5) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets :

**a)** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
**b)** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
**c)** In respect of MMFSL, Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.12.
**d)** Residual value of the assets is considered as nil reflecting the realisable value at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprise of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

**6) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

c. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the period.

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**7) Investments :**

In respect of the Company (MMFSL), in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**8) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**9) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

**(d) Leave encashment / compensated absences -**

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**10) Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**11) Current and deferred tax :**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**12) Share issue expenses :**

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve or charged to Statement of Profit & Loss in the year in which they are incurred.

**13) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**14) Provisions and contingent liabilities :**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**15) Employee stock compensation costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**16) Lease :**

Payments under operating lease arrangements are recognized as per the terms of the lease.

**17) Earnings Per Share :**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## Summary of Significant Accounting Policies for the year ended 31 March 2015

**1)** The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:
   i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
   ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

. The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

| Name of the Subsidiary Company / Joint Venture | Country of Origin | Proportion of Ownership Interest (*) |
|---|---|---|
| Mahindra Insurance Brokers Limited (MIBL) | India | 85.00% |
| Mahindra Rural Housing Finance Limited (MRHFL) | India | 87.50% |
| Mahindra Asset Management Company Pvt Ltd (MAMCL) | India | 100.00% |
| Mahindra Trustee Company Pvt Ltd (MTCPL) | India | 100.00% |
| Mahindra Finance USA, LLC (MFUSA) | USA | 49.00% |

***** There is no change in the proportion of ownership interest as compared to the previous year.

**2) Basis for preparation of financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

**3) Use of estimates :**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**4) Revenue recognition :**

**i. General :**

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis. Accordingly, unrealised interest recognised as income in the previous period is reversed in the accounting period in which the loan is classified as Non-Performing Asset and accounted as income when it is actually realised.

In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

**ii. Income from loans :**

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
c) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

d) The joint venture's interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

**iii. Subvention income :**

Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract.

**iv. Brokerage and handling charges Income:**

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.

**v. Insurance consultancy fees:**

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

**vi. Income from manpower supply services :**

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

**vii. Income from assignment / securitisation transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:**

**i.** Receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

**ii.** On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment

**iii.** On the maturity of an underlying assignment/securtisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012:**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the

securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6, 10 and 35).

**viii. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.
b) Interest income is accounted on accrual basis.

**5) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets :

**a)** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
**b)** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
**c)** Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head ‘Vehicles’ forming part of Company’s ‘Tangible assets’ in note no.12.
**d)** Residual value of the assets considered as nil reflecting the realisable value at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

**6) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap.

In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**7) Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**8) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**9) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under ‘The Payment of Gratuity Act, 1972’. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**(d) Leave encashment / compensated absences -**

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**10) Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**11) Current and deferred tax :**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.
Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**12) Share issue expenses :**

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

**13) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**14) Provisions and contingent liabilities :**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present

obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**15) Employee stock compensation costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are revrsed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**16) Lease :**

Payments under operating lease arrangements are recognized as per the terms of the lease.

**17) Earnings Per Share :**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## Summary of Significant Accounting Policies for the year ended 31 March 2014

**1)** The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:
   i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
   ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

. The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

| Name of the Subsidiary Company / Joint Venture | Country of Origin | Proportion of Ownership Interest (*) |
|---|---|---|
| Mahindra Insurance Brokers Limited (MIBL) | India | 85.00% |
| Mahindra Rural Housing Finance Limited (MRHFL) | India | 87.50% |
| Mahindra Business & Consulting Services Pvt. Ltd. (MBCSPL) | India | 100.00% |
| Mahindra Asset Management Company Pvt Ltd (MAMCL) | India | 99.996% |
| Mahindra Finance USA, LLC (MFUSA) | USA | 49.00% |

***** There is no change in the proportion of ownership interest as compared to the previous year.

**2) Basis for preparation of financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

**3) Use of estimates :**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**4) Revenue recognition :**

**i. General :**

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis. Accordingly, unrealised interest recognised as income in the previous period is reversed in the accounting period in which the loan is classified as Non-Performing Asset and accounted as income when it is actually realised.

In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

**ii. Income from loans :**

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
c) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

**iii. Subvention income :**

Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract.

**iv. Brokerage and handling charges Income:**

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.

**v. Income from manpower supply services :**

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

**vi. Income from assignment / securitisation transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:**

**i.** Receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

**ii.** On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment

**iii.** On the maturity of an underlying assignment/securtisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012:**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6, 10 and 35).

**vii. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.
b) Interest income is accounted on accrual basis.

**5) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation / Amortisation:**

i. Depreciation on tangible assets, other than repossessed assets capitalised for own use, is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis except for following assets:
   **a)** Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
   **b)** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
   **c)** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
   **d)** Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head ‘Vehicles’ forming part of Company’s Tangible assets in note no.12.
ii. Computer software is amortized over the useful life. The maximum period for such amortization is 36 months.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months.

**6) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract.
b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.
c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
d. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**7) Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**8) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**9) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

**(d) Leave encashment / compensated absences -**

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**10) Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**11) Current and deferred tax :**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry

forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**12) Share issue expenses :**

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

**13) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**14) Provisions and contingent liabilities :**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**15) Employee stock compensation costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis.

**16) Lease :**

Payments under operating lease arrangements are recognized as per the terms of the lease.

**17) Earnings Per Share :**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

# Mahindra & Mahindra Financial Services Limited

## Notes forming part of the Reformatted Consolidated Financial Information

Rs. in lakhs

### 3 Share capital

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Authorised capital :** | | | | | |
| 70,00,00,000 (31 March 2017: 70,00,00,000) Equity shares of Rs.2/- each | **14,000.00** | 14,000.00 | **14,000.00** | 14,000.00 | **14,000.00** |
| 50,00,000 (31 March 2017: 50,00,000) Redeemable preference shares of Rs.100/- each | **5,000.00** | 5,000.00 | **5,000.00** | 5,000.00 | **5,000.00** |
| **Issued capital :** | | | | | |
| 61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each (refer notes 3(a) and 34) | **12,355.30** | 11,375.30 | **11,375.30** | 11,375.30 | **11,375.30** |
| **Subscribed and paid-up capital :** | | | | | |
| 61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up | **12,355.30** | 11,375.30 | **11,375.30** | 11,375.30 | **11,375.30** |
| Less : Shares issued to ESOS Trust but not allotted to employees (refer note 3(e)(i)) (32,87,993 (31 March 2017: 37,23,298) Equity shares of Rs.2/- each | **65.76** | 74.47 | **83.27** | 92.49 | **104.80** |
| **Total** | **12,289.54** | 11,300.83 | **11,292.03** | 11,282.81 | **11,270.50** |

**For FY 2017-18:**

| | As at March 31 2018 | | As at March 31 2017 | |
|---|---|---|---|---|
| | **Number of shares** | **Rs. in Lakhs** | **Number of shares** | **Rs. in Lakhs** |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11,375.30 | 568764960 | 11,375.30 |
| Add : Fresh allotment of shares : | | | | |
| - Preferential issue to Mahindra & Mahindra Limited (the Holding Company) | 25000000 | 500.00 | - | - |
| - Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional placement (QIP) | 24000000 | 480.00 | - | - |
| **Balance at the end of the year** | **617764960** | **12,355.30** | **568764960** | **11,375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding and ultimate holding company : Mahindra & Mahindra Limited | 316207660 | 6,324.15 | 291207660 | 5,824.15 |
| Percentage of holding (%) | 51.19% | 51.19% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 316207660 | 6,324.15 | 291207660 | 5,824.15 |
| Percentage of holding (%) | 51.19% | 51.19% | 51.20% | 51.20% |

### d) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

### e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital and Securities premium reserve in respect of outstanding equity shares pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees as per details provided below.

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of shares | Rs. in lakhs | No. of shares | Rs. in lakhs |
| **(i) Reduction from Share capital -** | | | | |
| - Employee stock option scheme 2005 | 785,275 | 15.71 | 785,275 | 15.71 |
| - Employee stock option scheme 2010 | 2,502,718 | 50.05 | 2,938,023 | 58.76 |
| | **3,287,993** | **65.76** | **3,723,298** | **74.47** |
| **(ii) Reduction from Securities premium reserve -** | | | | |
| - Employee stock option scheme 2005 | 785,275 | 64.39 | 785,275 | 64.39 |
| - Employee stock option scheme 2010 # | 2,502,718 | - | 2,938,023 | - |
| | **3,287,993** | **64.39** | **3,723,298** | **64.39** |

# Equity shares were allotted at face value

**For FY 2016-17:**

| | As at March 31 2017 | | As at March 31 2016 | |
|---|---|---|---|---|
| | **Number of shares** | **Rs. in Lakhs** | **Number of shares** | **Rs. in Lakhs** |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11375.30 | 568764960 | 11375.30 |
| Fresh allotment of shares | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** | **568764960** | **11375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 15.71 Lakhs (March 31, 2016 : Rs. 15.71 Lakhs) in respect of 785275 equity shares of face value of Rs.2/- each (March 31, 2016 : 785275 equity shares of face value of Rs.2/- each) and Securities premium reserve by Rs. 64.39 Lakhs (March 31, 2016 : Rs. 64.39 Lakhs) in respect of 7,85,275 equity shares (March 31, 2016 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 and reduced the Share capital by Rs. 58.76 Lakhs (March 31, 2016 : Rs. 67.56 Lakhs) in respect of 2938023 equity shares of face value of Rs.2/- each (March 31, 2016 : 3378307 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

**For FY 2015-16:**

| | As at March 31 2016 | | As at March 31 2015 | |
|---|---|---|---|---|
| | **Number of shares** | **Rs. in Lacs** | **Number of shares** | **Rs. in Lacs** |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11375.30 | 568764960 | 11375.30 |
| Fresh allotment of shares | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** | **568764960** | **11375.30** |
| | | | | |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 83.27 Lacs (March 31, 2015 : Rs. 92.49 Lacs) in respect of 41,63,582 equity shares of face value of Rs.2/- each (March 31, 2015 : 46,24,289 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 and Securities premium reserve by Rs. 64.39 Lacs (March 31, 2015 : Rs. 64.39 Lacs) in respect of 7,85,275 equity shares (March 31, 2015 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

**For FY 2014-15:**

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|
| | Number of shares | Rs. in Lacs | Number of shares | Rs. in Lacs |
| **a) Reconciliation of number of equity shares -** | | | | |
| Balance at the beginning of the year | 568764960 | 11,375.30 | 568764960 | 11,375.30 |
| Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year : | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11,375.30** | **568764960** | **11,375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5,824.15 | 291207660 | 5,824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5,824.15 | 291207660 | 5,824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

**For FY 2013-14:**

| | As at March 2014 | |
|---|---|---|
| | **Number of shares** | **Rs. in Lacs** |
| **a) Reconciliation of number of equity shares -**<br>**Balance at the beginning of the year** | 568764960 | 11375.30 |
| **Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :**<br>1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each)<br>2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value | | |
| **Balance at the end of the year** | **568764960** | **11375.30** |
| | | |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves.

Accordingly, the Company has reduced the Share capital by Rs.104.80 Lacs, Securities premium reserve by Rs. 86.83 Lacs in respect of 52,39,841 equity shares of face value of Rs.2/- each held by the Trust, as at the year end pending for allotment of shares to eligible employees.

Rs. in lakhs

## 4 Reserves and surplus

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Capital redemption reserve :** | | | | | |
| **Balance as at the beginning of the year** | **5,000.00** | 5,000.00 | **5,000.00** | 5,000.00 | **5,000.00** |
| Add : Transfers during the year | - | - | - | - | - |
| Less : Deductions during the year | - | - | - | - | - |
| **Balance as at the end of the year** | **5,000.00** | 5,000.00 | **5,000.00** | 5,000.00 | **5,000.00** |
| **Securities premium reserve:** | | | | | |
| **Balance as at the beginning of the year** | **202,627.99** | 203,252.40 | **202,324.25** | 201,824.74 | **201,558.08** |
| Add : Additions during the year on account of - | | | | | |
| i) Exercise of employee stock options | **1,156.50** | 1,029.01 | **928.15** | 499.51 | **266.66** |
| ii) Fresh issue of equity shares through preferential allotment and QIP (refer note 52) | **210,120.00** | - | - | - | - |
| | **413,904.49** | 204,281.41 | **203,252.40** | 202,324.25 | **201,824.74** |
| Less : Deductions during the year on account of - | | | | | |
| i) Expenses incurred in respect of issue of retail Non-Convertible Debentures (net of taxes) (refer note 41) | **1,215.07** | 1,653.42 | - | - | - |
| ii) Expenses incurred in respect of issue of equity shares through preferential allotment and QIP (refer note 52) | **1,310.13** | - | - | - | - |
| iii) Premium on shares issued to ESOS Trust but not allotted to employees (refer note 3(e)(ii)) | **64.39** | 64.39 | **64.39** | 64.39 | **86.83** |
| **Balance as at the end of the year** | **411,314.90** | 202,563.60 | **203,188.01** | 202,259.86 | **201,737.91** |
| **Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987 :** | | | | | |
| **Balance as at the beginning of the year** | **127,679.93** | 116,765.56 | **101,279.18** | 83,352.56 | **64,885.68** |
| Add : Transfers from Surplus in the Statement of profit and loss | **22,426.08** | 10,914.37 | **15,486.38** | 17,926.62 | **18,466.88** |
| Less : Deductions during the year | - | - | - | - | - |
| **Balance as at the end of the year** | **150,106.01** | 127,679.93 | **116,765.56** | 101,279.18 | **83,352.56** |
| **General reserve :** | | | | | |
| **Balance as at the beginning of the year** | **57,087.20** | 53,084.20 | **46,358.20** | 37,480.45 | **28,328.60** |
| Add : Transfers from Surplus in the Statement of profit and loss | **8,840.42** | 4,003.00 | **6,726.00** | 8,877.75 | **9,168.24** |
| Less : Transfers during the period | - | - | - | - | **16.39** |
| **Balance as at the end of the year** | **65,927.62** | 57,087.20 | **53,084.20** | 46,358.20 | **37,480.45** |
| **Debenture Redemption Reserve (DRR):** | | | | | |
| **Balance as at the beginning of the year** | **2,649.86** | - | - | - | - |
| Add : Transfers during the year (refer note 41) | **5,053.12** | 2,649.86 | - | - | - |
| Less : Deductions during the year | - | - | - | - | - |
| **Balance as at the end of the year** | **7,702.98** | 2,649.86 | - | - | - |
| **Foreign exchange fluctuation reserve:** | | | | | |
| **Balance as at the beginning of the year** | **2,226.81** | 2,922.18 | **1,885.69** | 1,312.48 | **513.62** |
| Add : Transfers during the year | **50.63** | (695.37) | **1,036.49** | 573.21 | **798.86** |
| Less : Deductions during the year | - | - | - | - | - |
| **Balance as at the end of the year** | **2,277.44** | 2,226.81 | **2,922.18** | 1,885.69 | **1,312.48** |
| **Employees stock options outstanding :** | | | | | |
| **A) Employees stock options outstanding -** | | | | | |
| **Balance as at the beginning of the year** | **4,114.58** | 4,435.68 | **5,241.45** | 1,333.81 | **1,347.77** |
| Add : Fresh grant of options | **314.38** | 771.99 | **139.10** | 4,465.00 | **289.16** |
| Less : Transfers / reversals during the year | | | | | |
| i) Transfers to Securities premium reserve on exercise of options | **1,156.50** | 1,029.01 | **928.15** | 499.51 | **266.66** |
| ii) Reversals for options lapsed | **35.46** | 64.08 | **16.72** | 57.85 | **36.46** |
| **Balance as at the end of the year (A)** | **3,237.00** | 4,114.58 | **4,435.68** | 5,241.45 | **1,333.81** |

Rs. in lakhs

## 4 Reserves and surplus

| | | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|---|
| **Employees stock options outstanding :** | | | | | | |
| **B) Deferred employee compensation :** | | | | | | |
| **Balance as at the beginning of the year** | | **1,652.76** | 1,994.35 | **3,599.85** | 462.18 | **572.30** |
| Add : Fresh grant of options | | **314.38** | 771.99 | **139.10** | 4,465.00 | **289.16** |
| Less : Amortisation during the year | | | | | | |
| i) Transfers to employee compensation expenses | | **909.66** | 1,049.50 | **1,727.88** | 1,269.48 | **362.82** |
| ii) Reversals for options lapsed | | **35.46** | 64.08 | **16.72** | 57.85 | **36.46** |
| **Balance as at the end of the year** | **(B)** | **1,022.02** | 1,652.76 | **1,994.35** | 3,599.85 | **462.18** |
| **Balance as at the end of the year** | **(A-B)** | **2,214.98** | 2,461.82 | **2,441.33** | 1,641.60 | **871.63** |
| **Surplus in Consolidated Statement of profit and loss :** | | | | | | |
| **Balance as at the beginning of the year** | | **285,045.50** | 252,246.47 | **224,564.35** | 187,814.12 | **145,746.40** |
| Less: Corporate dividend and dividend distribution tax # | | **16,429.55** | 282.73 | **27,334.86** | 27,303.01 | **25,225.82** |
| Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 1 April 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India | | **-** | 514.68 | **-** | - | **-** |
| Add : Transfer of opening balance in profit and loss statement on amalgamation of Mahindra Business & Consulting Services Private Ltd. (MBCSPL) with the Company | | | | **-** | 529.87 | **-** |
| Add : Profit for the year transferred from the Consolidated Statement of profit and loss | | **102,391.13** | 51,163.67 | **77,229.36** | 91,290.54 | **95,442.14** |
| | | **371,007.08** | 302,612.73 | **274,458.85** | 252,013.75 | **215,962.72** |
| **Less : Appropriations :** | | | | | | |
| General reserve | | **8,840.42** | 4,003.00 | **6,726.00** | 8,877.75 | **9,151.85** |
| Statutory reserve as per Section 45-IC of The RBI Act, 1934 | | **22,426.08** | 10,914.37 | **15,486.38** | 17,926.62 | **18,466.88** |
| Debenture redemption reserve (refer note 41) | | **5,053.12** | 2,649.86 | **-** | - | **-** |
| | | **36,319.62** | 17,567.23 | **22,212.38** | 27,449.40 | **27,618.73** |
| **Balance as at the end of the year** | | **334,687.46** | 285,045.50 | **252,246.47** | 224,564.35 | **188,343.99** |
| **Total** | | **979,231.39** | 684,714.72 | **635,647.75** | 582,988.88 | **518,099.02** |

# Corporate dividend and dividend distribution tax pertaining to financial year ended 31 March 2017, accounted in financial year ended 31 March 2018, on approval of Shareholders at Annual General Meeting in accordance with revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

The Board of Directors have proposed a dividend of 200% at Rs.4.00 per share on equity share of Rs.2/- each (31 March 2017: 120% at Rs.2.40 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.29378.43 Lakhs (31 March 2017: Rs.16097.30 Lakhs) including dividend distribution tax.

Rs. in lakhs

## 5 Long-term borrowings :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Debentures** | | | | | |
| **- Secured** | | | | | |
| Non-convertible debentures (refer note 36 (i) (a)) | **1,228,688.46** | 1,216,266.73 | **726,305.26** | 351,871.00 | **320,172.67** |
| **- Unsecured** | | | | | |
| Subordinate debts (refer note 37 (i) (a)) | **348,603.13** | 225,030.00 | **124,410.00** | 100,910.00 | **79,410.00** |
| **Term loans** | | | | | |
| **- Secured** | | | | | |
| from banks (refer note 36 (ii) (a)) | **965,465.08** | 656,336.84 | **714,494.28** | 787,597.03 | **1,026,884.70** |
| from others (refer note 36 (iii) (a)) | **4,015.20** | 8,394.19 | **15,186.00** | 21,682.49 | **23,544.13** |
| Foreign currency loans from banks (refer note 36 (iv) (a)) | **59,616.55** | 47,460.87 | **53,227.83** | 12,500.00 | **40,305.51** |
| Foreign currency loans from others (refer note 36 (v) (a)) | **122,372.59** | 118,296.56 | **108,561.47** | 75,101.31 | **48,549.09** |
| **Deposits** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note 37 (iv) (b)) | **160,736.51** | 219,293.85 | **287,851.01** | 321,693.83 | **275,163.14** |
| **Total (a+b)** | **2,889,497.52** | 2,491,079.04 | **2,030,035.85** | 1,681,355.66 | **1,824,029.24** |

All secured loans / debentures are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

## 6 Other long-term liabilities :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Others -** | | | | | |
| Deposits / advances received against loan agreements | **5,692.29** | 3,932.57 | **2,338.12** | 1,804.35 | **1,333.08** |
| Interest accrued but not due on borrowings | **37,656.58** | 33,437.36 | **31,390.82** | 19,283.53 | **15,552.99** |
| Deferred subvention income | **1,982.93** | 2,535.73 | **2,296.12** | 2,508.93 | **3,031.55** |
| Unrealised gains on loan transfers under securitisation transactions | **3,013.35** | 2,471.88 | **4,730.46** | 5,175.94 | **6,629.14** |
| Cash profit on loan transfers under assignment transactions pending recognition | **1.42** | 1.34 | **5.64** | 35.22 | **140.57** |
| Derivative contract payables | **22.97** | 361.22 | **-** | - | **954.49** |
| Deferred premium payable to bank under forward exchange contracts on foreign currency loans | **5,713.55** | - | **2,501.83** | 1,440.00 | **-** |
| Other long term liabilities | **1.00** | 1.00 | **1.00** | - | **59.74** |
| **Total** | **54,084.09** | 42,741.10 | **43,263.99** | 30,247.97 | **27,701.56** |

## 7 Long-term provisions :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Provision for employee benefits (refer note 34) | | | | | |
| - Gratuity | **2,654.78** | 588.52 | **-** | - | **8.96** |
| - Leave encashment | **4,040.02** | 2,247.69 | **1,244.91** | 1,316.61 | **1,004.92** |
| Others - | | | | | |
| - Provision for non-performing assets (refer notes 32 (a) and 33) | **64,044.35** | 48,927.17 | **39,513.68** | 26,419.74 | **18,767.00** |
| - Contingent provisions for standard assets (refer notes 32 (b) and 33) | **12,639.60** | 10,394.98 | **8,413.39** | 7,504.79 | **6,772.21** |
| - Higher provision on restructured standard advances | **-** | 7.30 | **8.52** | 17.77 | **-** |
| - Provision for diminution in the fair value of restructured advances | **-** | 3.03 | **3.90** | 7.62 | **-** |
| **Total** | **83,378.75** | 62,168.69 | **49,184.40** | 35,266.53 | **33,309.64** |

Rs. in lakhs

## 8 Short-term borrowings

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans repayable on demand:** | | | | | |
| **- Secured** | | | | | |
| Cash credit facilities with banks (refer note 38 (i)) | **29,285.08** | 78,069.35 | **82,929.05** | 59,754.56 | **57,232.21** |
| **Term loans** | | | | | |
| **- Secured** | | | | | |
| Foreign currency loans from others (refer note 38 (ii)) | **109,429.15** | 80,431.74 | **55,269.45** | 36,064.29 | **28,664.24** |
| **Loans and advances from related parties:** | | | | | |
| **- Unsecured** | | | | | |
| Inter-corporate deposits (ICDs) (refer note 37 (iii) (a)) | **55,000.00** | 65,000.00 | **30,000.00** | - | **-** |
| **Deposits:** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note 37 (iv) (a)) | **26,106.58** | 24,311.71 | **16,154.68** | 6,943.06 | **5,931.15** |
| **Other loans and advances:** | | | | | |
| **- Secured** | | | | | |
| Term loans from banks (refer note 38 (i)) | **85,000.00** | 81,050.00 | **41,400.00** | 75,600.00 | **57,000.00** |
| **- Unsecured** | | | | | |
| Term loans from banks (refer note 37 (ii)) | **10,000.00** | 7,400.00 | **-** | - | **2,200.00** |
| Inter-corporate deposits (ICDs) (refer note 37 (iii) (a)) | **5,000.00** | - | **-** | - | **-** |
| Commercial Papers (CPs) (refer note 38 (iii)) | **457,366.43** | 377,801.92 | **290,879.67** | 342,068.56 | **-** |
| **Total** | **777,187.24** | 714,064.72 | **516,632.85** | 520,430.47 | **151,027.60** |

All secured loans are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans.

## 9 Trade payables :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| (i) Due to micro and small enterprises (refer note 39) | - | - | - | - | - |
| (ii) Due to other than micro and small enterprises | **101,424.54** | 60,687.84 | **41,319.85** | 41,497.25 | **37,387.88** |
| **Total** | **101,424.54** | 60,687.84 | **41,319.85** | 41,497.25 | **37,387.88** |

Rs. in lakhs

## 10 Other current liabilities :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Current maturities of long-term debt:** | | | | | |
| **Debentures** | | | | | |
| **- Secured** | | | | | |
| Non-convertible debentures (refer note 36 (i) (b)) | **511,212.41** | 241,762.53 | **232,897.97** | 152,073.87 | **182,408.18** |
| **- Unsecured** | | | | | |
| Subordinate debts (refer note 37 (i) (b)) | **980.00** | 6,880.00 | **-** | - | **-** |
| **Term loans** | | | | | |
| **- Secured** | | | | | |
| from banks (refer note 36 (ii) (b)) | **313,372.10** | 308,157.77 | **357,386.09** | 343,954.34 | **312,200.76** |
| from others (refer note 36 (iii) (b)) | **3,635.99** | 5,311.81 | **6,109.49** | 7,039.44 | **6,219.68** |
| Foreign currency loans from others (refer note 36 (iv) (b)) | **67,913.17** | 62,270.65 | **52,566.87** | 35,853.50 | **22,539.68** |
| Foreign currency loans from banks (refer note 36 (v) (b)) | **47,602.92** | 52,099.08 | **26,932.51** | 42,044.47 | **11,983.00** |
| **Deposits:** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note 37 (iv) (c)) | **119,619.04** | 182,750.58 | **161,030.66** | 129,621.50 | **76,425.51** |
| | **1,064,335.63** | 859,232.42 | **846,923.59** | 710,587.12 | **611,776.81** |
| Interest accrued but not due on borrowings | **126,178.09** | 96,457.81 | **57,784.61** | 40,486.58 | **30,615.63** |
| Unclaimed dividends | **77.24** | 52.66 | **52.14** | 57.69 | **57.93** |
| Unclaimed matured deposits and interest accrued thereon | **460.20** | 376.37 | **382.63** | - | **-** |
| Unclaimed interest on subordinated debentures (retail issue) | **2.27** | 0.05 | **-** | - | **-** |
| **Other payables:** | | | | | |
| Deposits / advances received against loan agreements | **5,817.43** | 5,209.69 | **1,581.54** | 1,460.65 | **1,647.04** |
| Credit balances in current accounts with banks as per books | **12,094.64** | 61,833.73 | **43,682.72** | 28,370.30 | **17,263.80** |
| Deferred subvention income | **1,919.62** | 2,076.62 | **2,108.73** | 2,284.76 | **2,623.37** |
| Unrealised gains on loan transfers under securitisation transactions | **10,583.84** | 17,300.26 | **20,665.25** | 19,175.40 | **15,910.53** |
| Cash profit on loan transfers under assignment transactions pending recognition | **1.22** | 3.32 | **17.93** | 85.42 | **168.42** |
| Insurance premium payable | **3,954.71** | 4,096.85 | **3,961.64** | 4,530.27 | **4,168.78** |
| Payables under assignment / securitisation transactions | **4,391.73** | 3,305.85 | **1,871.91** | 2,932.13 | **6,157.50** |
| Statutory dues and withholding taxes payable | **4,075.47** | 3,665.79 | **3,444.33** | 3,205.00 | **2,506.16** |
| Payables under derivative contracts | **2,022.28** | 259.45 | **-** | - | **-** |
| Deferred premium payable to bank under forward exchange contracts on foreign currency loans | **54.74** | 2,286.21 | **2,181.64** | - | **-** |
| Provision for Salary, Bonus and performance pay | **1,806.45** | 262.30 | **199.73** | 1,047.98 | **1,106.14** |
| Provision for expenses | **9,463.11** | 8,276.63 | **7,978.32** | 7,137.09 | **7,025.67** |
| Others | **10,175.35** | 9,005.92 | **4,740.85** | 5,659.50 | **4,613.43** |
| **Total** | **1,257,414.02** | 1,073,701.93 | **997,577.56** | 827,019.89 | **705,641.21** |

All secured loans / debentures are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by issue of secured / unsecured non convertible debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

## 11 a) Short-term provisions :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Provision for employee benefits (refer note 34) | | | | | |
| - Gratuity | **(154.10)** | 356.81 | **6.22** | 1.06 | **2.25** |
| - Leave encashment | **437.94** | 4,337.35 | **36.12** | 141.06 | **90.14** |
| - Other retirement benefits | **10,353.12** | 2,543.90 | **6,346.21** | 3,881.65 | **5,289.36** |
| Others - | | | | | |
| - Provision for non-performing assets (refer notes 32 (a) and 33) | **162,559.42** | 157,008.62 | **116,541.39** | 73,535.35 | **46,423.23** |
| - Contingent provisions for standard assets (refer notes 32 (b) and 33) | **8,835.35** | 7,579.78 | **6,836.01** | 5,968.86 | **5,370.61** |
| - Higher provision on restructured standard advances | **-** | 15.01 | **13.79** | 4.54 | **-** |
| - Provision for diminution in the fair value of restructured advances | **-** | 6.24 | **6.30** | 1.94 | **-** |
| - Provision for taxes (net of prepaid taxes) | **2,923.66** | 5.63 | **-** | - | **-** |
| **Total** | **184,955.39** | 171,853.34 | **156,912.91** | 117,465.64 | **91,141.33** |

Rs. in lakhs

## 12 Fixed assets :

**As at 31 March 2018**

**Rs. in Lakhs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2017 | Additions | Deductions / adjustments | As at 31 March 2018 | As at 01 April 2017 | Transitional depreciation | Additions | Deductions / adjustments | As at 31 March 2018 | As at 31 March 2018 | As at 01 April 2017 |
| **i) Property, Plant and Equipments :** | | | | | | | | | | | |
| Land | - | 81.40 | - | **81.40** | - | | - | - | - | **81.40** | - |
| Premises | **132.04** | - | - | **132.04** | **23.58** | - | 2.20 | - | **25.78** | **106.26** | 108.46 |
| Computers | **8,025.07** | 2,436.77 | 374.73 | **10,087.11** | **5,546.32** | - | 1,442.41 | 372.54 | **6,616.19** | **3,470.92** | 2,478.75 |
| Furniture and fixtures | **8,163.96** | 726.70 | 77.91 | **8,812.75** | **4,564.19** | - | 918.35 | 61.33 | **5,421.21** | **3,391.54** | 3,599.77 |
| Vehicles | **7,131.89** | 1,670.19 | 780.85 | **8,021.23** | **4,079.48** | - | 1,249.51 | 694.53 | **4,634.46** | **3,386.77** | 3,052.41 |
| Office equipments | **9,358.96** | 993.26 | 279.81 | **10,072.41** | **5,666.98** | - | 1,447.53 | 268.70 | **6,845.81** | **3,226.60** | 3,691.98 |
| Vehicles/assets on operating lease | - | 77.15 | - | **77.15** | - | | 1.04 | - | **1.04** | **76.11** | - |
| **Total (i)** | **32,811.92** | **5,985.47** | **1,513.30** | **37,284.09** | **19,880.55** | - | **5,061.04** | **1,397.10** | **23,544.49** | **13,739.60** | **12,931.37** |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | **3,015.78** | 982.29 | - | **3,998.07** | **2,612.02** | - | 460.11 | - | **3,072.13** | **925.94** | 403.76 |
| Goodwill* | **4.05** | 523.65 | 0.24 | **527.46** | - | | - | - | - | **527.46** | 4.05 |
| **Total (ii)** | **3,019.83** | **1,505.94** | **0.24** | **4,525.53** | **2,612.02** | - | **460.11** | - | **3,072.13** | **1,453.40** | **407.81** |
| **iii) Capital work-in-progress:** | | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | - | 55.67 |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | - | **55.67** |
| **iv) Intangible assets under development:** | | | | | | | | | | | |
| Intangible assets under development: | - | - | - | - | - | - | - | - | - | **45.60** | 58.21 |
| **Total (iv)** | - | - | - | - | - | - | - | - | - | **45.60** | **58.21** |
| **Total (i+ii+iii+iv)** | **35,831.75** | **7,491.41** | **1,513.54** | **41,809.62** | **22,492.57** | - | **5,521.15** | **1,397.10** | **26,616.62** | **15,238.60** | **13,453.06** |

* Goodwill arising on consolidation

Rs. in lakhs

## 12 Fixed assets : *(Continued)*

**As at 31 March 2017**

**Rs. in Lakhs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2016 | Additions | Deductions / adjustments | As at 31 March 2017 | As at 01 April 2016 | Transitional depreciation | Additions | Deductions / adjustments | As at 31 March 2017 | As at 31 March 2017 | As at 01 April 2016 |
| **i) Property, Plant and Equipments :** | | | | | | | | | | | |
| Premises | 132.04 | - | - | 132.04 | 21.37 | - | 2.21 | - | 23.58 | 108.46 | 110.67 |
| Computers | 6,478.90 | 1,810.16 | 263.99 | 8,025.07 | 4,574.66 | - | 1,234.44 | 262.78 | 5,546.32 | 2,478.75 | 1,904.24 |
| Furniture and fixtures | 7,644.46 | 598.75 | 79.25 | 8,163.96 | 3,740.72 | - | 881.20 | 57.73 | 4,564.19 | 3,599.77 | 3,903.74 |
| Vehicles | 6,510.15 | 1,403.18 | 781.44 | 7,131.89 | 3,643.14 | - | 1,139.84 | 703.50 | 4,079.48 | 3,052.41 | 2,867.01 |
| Office equipments | 8,104.88 | 1,483.01 | 228.93 | 9,358.96 | 4,544.60 | - | 1,343.14 | 220.76 | 5,666.98 | 3,691.98 | 3,560.28 |
| Vehicles/assets on operating lease | - | - | - | - | - | | - | - | - | - | - |
| **Total (i)** | 28,870.43 | 5,295.10 | 1,353.61 | 32,811.92 | 16,524.49 | - | 4,600.83 | 1,244.77 | 19,880.55 | 12,931.37 | 12,345.94 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | 2,395.82 | 619.96 | - | 3,015.78 | 1,840.52 | - | 771.50 | - | 2,612.02 | 403.76 | 555.30 |
| Goodwill* | 4.05 | - | - | 4.05 | | | | | - | 4.05 | 4.05 |
| **Total (ii)** | 2,399.87 | 619.96 | - | 3,019.83 | 1,840.52 | - | 771.50 | - | 2,612.02 | 407.81 | 559.35 |
| **iii) Capital work-in-progress:** | | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | 55.67 | 1.85 |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | 55.67 | 1.85 |
| **iv) Intangible assets under development:** | | | | | | | | | | | |
| Intangible assets under development: | - | - | - | - | - | - | - | - | - | 58.21 | - |
| **Total (iv)** | - | - | - | - | - | - | - | - | - | 58.21 | - |
| **Total (i+ii+iii+iv)** | 31,270.30 | 5,915.06 | 1,353.61 | 35,831.75 | 18,365.01 | - | 5,372.33 | 1,244.77 | 22,492.57 | 13,453.06 | 12,907.14 |

* Goodwill arising on consolidation

Rs. in lakhs

**12 Fixed assets : *(Continued)***

**As at 31 March 2016**

**Rs. in Lakhs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2015 | Additions | Deductions / adjustments | As at 31 March 2016 | As at 01 April 2015 | Transitional depreciation | Additions | Deductions / adjustments | As at 31 March 2016 | As at 31 March 2016 | As at 01 April 2015 |
| **i) Property, Plant and Equipments :** | | | | | | | | | | | |
| Land | - | 0.00 | - | 0.00 | - | | - | - | - | 0.00 | - |
| Premises | 108.92 | 23.12 | - | 132.04 | 19.41 | - | 1.96 | - | 21.37 | 110.67 | 89.51 |
| Computers | 5,534.78 | 1,225.36 | 281.24 | 6,478.90 | 3,902.62 | - | 952.69 | 280.60 | 4,574.71 | 1,904.19 | 1,632.16 |
| Furniture and fixtures | 6,976.96 | 735.98 | 68.47 | 7,644.47 | 2,932.55 | - | 867.19 | 59.01 | 3,740.73 | 3,903.74 | 4,044.41 |
| Vehicles | 5,701.87 | 1,275.39 | 467.11 | 6,510.15 | 3,012.51 | - | 982.32 | 351.69 | 3,643.14 | 2,867.01 | 2,689.36 |
| Office equipments | 6,505.03 | 1,938.19 | 338.33 | 8,104.89 | 3,544.53 | - | 1,327.35 | 327.32 | 4,544.56 | 3,560.33 | 2,960.50 |
| Vehicles/assets on operating lease | - | - | - | - | - | | - | - | - | - | - |
| **Total (i)** | 24,827.56 | 5,198.04 | 1,155.15 | 28,870.45 | 13,411.62 | - | 4,131.51 | 1,018.62 | 16,524.51 | 12,345.94 | 11,415.94 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | 1,868.29 | 527.53 | - | 2,395.82 | 1,402.25 | - | 438.27 | - | 1,840.52 | 555.30 | 466.04 |
| Goodwill* | 4.05 | - | - | 4.05 | - | | - | - | - | 4.05 | 4.05 |
| **Total (ii)** | 1,872.34 | 527.53 | - | 2,399.87 | 1,402.25 | - | 438.27 | - | 1,840.52 | 559.35 | 470.09 |
| **iii) Capital work-in-progress:** | | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | 1.85 | 31.54 |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | 1.85 | 31.54 |
| **Total (i+ii+iii)** | 26,699.90 | 5,725.57 | 1,155.15 | 31,270.32 | 14,813.87 | - | 4,569.78 | 1,018.62 | 18,365.03 | 12,907.14 | 11,917.57 |

* Goodwill arising on consolidation

Rs. in lakhs

## 12 Fixed assets : *(Continued)*

**As at 31 March 2015**

**Rs. in Lakhs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2014 | Additions | Deductions / adjustments | As at 31 March 2015 | As at 01 April 2014 | Transitional depreciation | Additions | Deductions / adjustments | As at 31 March 2015 | As at 31 March 2015 | As at 01 April 2014 |
| **i) Property, Plant and Equipments :** | | | | | | | | | | | |
| Land | - | 0.00 | - | 0.00 | - | | - | - | - | 0.00 | - |
| Premises | 108.92 | - | - | 108.92 | 17.59 | - | 1.82 | - | 19.41 | 89.51 | 91.33 |
| Computers | 4,490.89 | 1,093.96 | 50.06 | 5,534.79 | 2,238.21 | 435.62 | 1,277.45 | 48.64 | 3,902.64 | 1,632.15 | 2,252.68 |
| Furniture and fixtures | 6,373.10 | 622.26 | 18.42 | 6,976.94 | 2,089.71 | 36.38 | 818.48 | 12.02 | 2,932.55 | 4,044.39 | 4,283.39 |
| Vehicles | 5,281.39 | 667.40 | 246.90 | 5,701.89 | 2,214.71 | 3.48 | 943.17 | 148.87 | 3,012.49 | 2,689.40 | 3,066.68 |
| Office equipments | 4,972.18 | 1,581.05 | 48.21 | 6,505.02 | 2,316.05 | 42.26 | 1,228.09 | 41.87 | 3,544.53 | 2,960.49 | 2,656.13 |
| Vehicles/assets on operating lease | - | - | - | - | - | | - | - | - | - | - |
| **Total (i)** | 21,226.48 | 3,964.67 | 363.59 | 24,827.56 | 8,876.27 | 517.74 | 4,269.01 | 251.40 | 13,411.62 | 11,415.94 | 12,350.21 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | 1,614.60 | 253.69 | - | 1,868.29 | 1,120.50 | - | 281.75 | - | 1,402.25 | 466.04 | 494.10 |
| Goodwill* | 4.05 | - | - | 4.05 | | | | | - | 4.05 | 4.05 |
| **Total (ii)** | 1,618.65 | 253.69 | - | 1,872.34 | 1,120.50 | - | 281.75 | - | 1,402.25 | 470.09 | 498.15 |
| **iii) Capital work-in-progress:** | | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | 31.54 | 22.99 |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | 31.54 | 22.99 |
| **Total (i+ii+iii)** | 22,845.13 | 4,218.36 | 363.59 | 26,699.90 | 9,996.77 | 517.74 | 4,550.76 | 251.40 | 14,813.87 | 11,917.57 | 12,871.35 |

* Goodwill arising on consolidation

\# represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil .

Rs. in lakhs

## 12 Fixed assets : *(Continued)*

**As at 31 March 2014**

**Rs. in Lakhs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2013 | Additions | Deductions / adjustments | As at 31 March 2014 | As at 01 April 2013 | Transitional depreciation | Additions | Deductions / adjustments | As at 31 March 2014 | As at 31 March 2014 | As at 01 April 2013 |
| **i) Property, Plant and Equipments :** | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - |
| Premises | 108.92 | - | - | 108.92 | 15.82 | - | 1.77 | - | 17.59 | 91.33 | 93.10 |
| Computers | 4,839.75 | 807.82 | 1,156.68 | 4,490.89 | 2,793.51 | - | 598.92 | 1,154.22 | 2,238.21 | 2,252.68 | 2,046.24 |
| Furniture and fixtures | 5,828.77 | 802.89 | 258.56 | 6,373.10 | 1,856.21 | - | 466.77 | 233.27 | 2,089.71 | 4,283.39 | 3,972.56 |
| Vehicles | 4,340.08 | 1,260.10 | 318.79 | 5,281.39 | 1,795.79 | - | 668.37 | 249.45 | 2,214.71 | 3,066.68 | 2,544.29 |
| Office equipments | 4,462.63 | 991.19 | 481.64 | 4,972.18 | 2,040.92 | - | 751.70 | 476.57 | 2,316.05 | 2,656.13 | 2,421.71 |
| **Total (i)** | 19,580.15 | 3,862.00 | 2,215.67 | 21,226.48 | 8,502.25 | - | 2,487.53 | 2,113.51 | 8,876.27 | 12,350.21 | 11,077.90 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | 1,150.30 | 464.30 | - | 1,614.60 | 999.98 | - | 120.52 | - | 1,120.50 | 494.10 | 150.32 |
| Goodwill* | 4.05 | - | - | 4.05 | - | - | - | - | - | 4.05 | 4.05 |
| **Total (ii)** | 1,154.35 | 464.30 | - | 1,618.65 | 999.98 | - | 120.52 | - | 1,120.50 | 498.15 | 154.37 |
| **iii) Capital work-in-progress:** | | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | 22.99 | 135.51 |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | 22.99 | 135.51 |
| **Total (i+ii+iii)** | 20,734.50 | 4,326.30 | 2,215.67 | 22,845.13 | 9,502.23 | - | 2,608.05 | 2,113.51 | 9,996.77 | 12,871.35 | 11,367.78 |

* Goodwill arising on consolidation

Rs. in lakhs

## 13 Non-current investments :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **A) Quoted (at cost ) : Trade** | | | | | |
| (i) Government securities (refer note 13 (i) ) | 70,251.08 | 70,418.03 | 63,220.81 | 50,612.79 | 37,895.56 |
| (ii) Secured redeemable non-convertible debentures (refer note 13 (ii) ) | 6,200.00 | 8,975.00 | 2,000.01 | 5,354.17 | - |
| (Non-current portion of long term investments in secured redeemable non-convertible debentures) | | | | | |
| **Non -Trade :** | | | | | |
| - Units of mutual funds (refer note 13 (iii) ) | 500.00 | 400.00 | - | - | - |
| **Total - A** | **76,951.08** | **79,793.03** | **65,220.82** | 55,966.96 | **37,895.56** |
| **B) Unquoted (at cost ) : Non-trade** | | | | | |
| **(a) Equity investment in other entities :** | | | | | |
| i) New Democratic Electoral Trust | 1.00 | 1.00 | 0.05 | 0.05 | - |
| 10,000 (31 March 2017: 10,000) equity shares of Rs.10/- each fully paid up (refer note 13 (iv) (a)) | | | | | |
| ii) Orizonte Business Solutions Limited | 700.00 | - | - | - | - |
| 35,00,000 (31 March 2017: Nil) equity shares of face value of Rs.10/- each, at a premium of Rs.10/- per share, fully paid up (refer note 13 (iv) (b)) | | | | | |
| iii) MF Utilities India Private Limited | 9.60 | - | - | - | - |
| 5,00,000 (31 March 2017: Nil) equity shares of face value of Re.1/- each, fully paid up | | | | | |
| Total - B | **710.60** | **1.00** | **0.05** | **0.05** | - |
| **Total** | **77,661.68** | **79,794.03** | **65,220.87** | **55,967.01** | **37,895.56** |

**Additional Information :**

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| a) Aggregate amount of quoted investments and market value - | | | | | |
| - Aggregate amount | 76,951.08 | 79,593.03 | 65,220.82 | 55,966.96 | 37,895.56 |
| - Market value # | 80,591.21 | 85,018.06 | 65,952.09 | 58,916.61 | 36,504.87 |
| b) Aggregate amount of unquoted investments | 710.60 | 1.00 | 0.05 | 0.05 | - |

# Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

## For FY 2017-18:

### i) Details of quoted Long-term Investments in Government stock :

**As at 31 March 2018**

Rs. in lakhs

| | Face value Rs. | No. of units | Amount | Market value |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 947.79 | 1,002.88 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,500,000 | 1,427.50 | 1,504.33 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 932.55 | 1,002.88 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1,000,000 | 885.25 | 993.35 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500,000 | 488.65 | 509.00 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1,000,000 | 1,043.32 | 1,087.45 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,003.47 | 1,032.20 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,001.01 | 1,032.20 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,500,000 | 1,504.22 | 1,548.15 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.95 | 516.05 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.71 | 516.05 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,000,000 | 955.80 | 1,032.10 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 900.55 | 990.00 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 904.70 | 990.00 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2,000,000 | 2,022.81 | 2,121.40 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2,500,000 | 2,614.24 | 2,697.04 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1,000,000 | 1,076.78 | 1,078.82 |
| MP SDL 8.15%-13/11/2025 | 100 | 2,500,000 | 2,500.80 | 2,542.08 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,100,000 | 1,163.02 | 1,118.51 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,200,000 | 1,268.75 | 1,220.20 |
| TN SDL 8.27%-23/12/2025 | 100 | 1,000,000 | 1,001.59 | 1,022.96 |
| Maharashtra SDL 8.26% 23/12/2025 | 100 | 2,000,000 | 2,121.55 | 2,044.78 |
| Rajasthan SDL 8.30% 13/01/2026 | 100 | 2,500,000 | 2,694.84 | 2,560.96 |
| UP SDL 8.39% 27/01/2026 | 100 | 500,000 | 500.52 | 514.69 |
| AP SDL 8.39% 27/01/2026 | 100 | 1,000,000 | 1,001.05 | 1,029.38 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2,000,000 | 2,050.01 | 2,084.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2,000,000 | 1,898.50 | 2,078.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 959.15 | 1,039.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 956.33 | 1,039.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 1,013.67 | 1,039.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1,500,000 | 1,380.75 | 1,557.07 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,868.10 | 2,076.09 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,867.90 | 2,076.09 |

| | | | | |
|---|---|---|---|---|
| Govt Stock 8.28%-21/09/2027 | **100** | **1,000,000** | **932.65** | **1,038.04** |
| Govt Stock 8.28%-21/09/2027 | **100** | **2,000,000** | **2,001.92** | **2,076.09** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,022.80** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,023.88** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **500,000** | **513.37** | **549.31** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,027.07** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **500,000** | **521.49** | **549.31** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,034.63** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,500,000** | **1,581.38** | **1,647.93** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,090.24** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,000,000** | **1,076.08** | **1,098.62** |
| Govt Stock 8.97%-05/12/2030 | **100** | **1,500,000** | **1,450.20** | **1,647.93** |
| Govt Stock 8.97%-05/12/2030 | **100** | **2,000,000** | **2,165.68** | **2,197.25** |
| Govt Stock 8.28%-15/02/2032 | **100** | **2,500,000** | **2,401.50** | **2,618.35** |
| Govt Stock 8.32%-02/08/2032 | **100** | **1,000,000** | **1,009.27** | **1,051.63** |
| Govt Stock 8.32%-02/08/2032 | **100** | **1,000,000** | **1,027.98** | **1,051.63** |
| Govt Stock 8.24%-10/11/2033 | **100** | **1,000,000** | **1,023.52** | **1,048.90** |
| Govt Stock 8.33%-07/06/2036 | **100** | **1,500,000** | **1,544.89** | **1,590.22** |
| Govt Stock 8.30%-02/07/2040 | **100** | **1,500,000** | **1,359.30** | **1,590.28** |
| Govt Stock 8.83%-12/12/2041 | **100** | **1,000,000** | **1,016.09** | **1,120.00** |
| Govt Stock 8.83%-12/12/2041 | **100** | **1,000,000** | **1,020.98** | **1,120.00** |
| Govt Stock 8.83%-12/12/2041 | **100** | **1,500,000** | **1,469.33** | **1,680.00** |
| **Total** | | **70,300,000** | **70,251.08** | **73,864.30** |

Quoted investments of Rs.70,251.08 Lakhs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India

## ii) Details of investments in Secured redeemable non-convertible debentures :

### As at 31 March 2018

Rs. in lakhs

| Sr. no. | Particulars | Total quantity | Total Face Value | a) Non-current | b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac | 800 | 8,000.00 | 1,200.00 | 4,400.00 | 5,600.00 |
| 2 | Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 3 | Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 4 | Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 5 | Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 75 | 750.00 | - | 375.00 | 375.00 |
| 6 | Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 7 | Home Credit India Finance Private Limited Sr-29471-30220 13.12 Ncd 26Mr21 FV Rs10Lac | 750 | 7,500.00 | 5,000.00 | 2,500.00 | 7,500.00 |
| | **Total** | | | 6,200.00 | 10,275.00 | 16,475.00 |

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

## iii) Details of mutual fund units :

### As at 31 March 2018

Rs. in lakhs

| Sr. no. | Particulars | Net Asset Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|---|
| 1 | Mahindra Kar Bachat Yojana | 11.80 | 500,000.00 | 50.00 | 58.99 |
| 2 | Mahindra Liquid Fund | 1,124.40 | 5,000.00 | 50.00 | 56.22 |
| 3 | Mahindra Dhan Sanchay Yojana | 11.16 | 500,000.00 | 50.00 | 55.81 |
| 4 | Mahindra Low Duration | 1,081.40 | 5,000.00 | 50.00 | 54.07 |
| 5 | Mahindra Badhat Yojana | 10.73 | 500,000.00 | 50.00 | 53.63 |
| 6 | Mahindra Unnati EBY | 9.53 | 500,000.00 | 50.00 | 47.63 |
| 7 | HDFC Charity Fund for Cancer Cure | 10.03 | 2,000,000.00 | 200.00 | 200.56 |
| | | | 4,010,000.00 | 500.00 | 526.91 |

**iv)** During the year, the Company has made following equity investments –

a) During the previous year, the Company had made an additional investment of Rs.0.95 Lakh in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis. During the current year, there were no further investment made in New Democratic Electoral Trust.

b) Rs.700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smartshift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs.10/- each, for cash, at a premium of Rs.10/- per share.

**v)** During the year, the Company has sold 1,28,866 equity shares of face value of Rs.10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs.5044.00 per share for a consideration aggregating to Rs.6500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs.5073.72 lakhs and the same has been shown as an Exceptional items in the Statement of profit and loss.

**For FY 2016-17:**

i) **Details of quoted Long-term investments in Government stock :**

**As at March 31, 2017:**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 | 1009.88 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 | 1514.81 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 | 1009.88 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 | 996.12 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 | 515.25 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1057.01 | 1123.26 |

| | | | | |
|---|---|---|---|---|
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1004.37 | 1055.24 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.28 | 1055.24 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1505.17 | 1586.44 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 | 1057.63 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 | 1004.32 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 | 1004.32 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2026.85 | 2175.50 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2631.47 | 2766.26 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1088.37 | 1106.50 |
| MP SDL 8.15%-13/11/2025 | 100 | 2500000 | 2500.91 | 2601.97 |
| MP SDL 8.15%-13/11/2025 | 100 | 1100000 | 1171.29 | 1144.87 |
| MP SDL 8.15%-13/11/2025 | 100 | 1200000 | 1277.77 | 1248.95 |
| TN SDL 8.27%-23/12/2025 | 100 | 1000000 | 1001.79 | 1031.17 |
| Maharashtra SDL 8.26% 23/12/2025 | 100 | 2000000 | 2137.26 | 2128.34 |
| Rajasthan SDL 8.30% 13/01/2026 | 100 | 2500000 | 2719.85 | 2748.14 |
| UP SDL 8.39% 27/01/2026 | 100 | 500000 | 500.59 | 500.67 |
| AP SDL 8.39% 27/01/2026 | 100 | 1000000 | 1001.18 | 1001.34 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2000000 | 2056.05 | 2141.26 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 | 2125.20 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 | 1062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 | 1062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 1015.21 | 1062.60 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 | 1606.50 |

| | | | | |
|---|---|---|---|---|
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 | 2142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 | 2142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 | 1071.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.12 | 2142.00 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1024.59 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1025.76 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 514.42 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.20 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 523.19 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1037.36 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1587.80 | 1685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1097.36 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1082.08 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 | 1685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2178.73 | 2247.73 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 | 2677.91 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1009.91 | 1073.92 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1029.93 | 1073.92 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1000000 | 1025.02 | 1079.42 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1500000 | 1547.36 | 1635.00 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 | 1628.22 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1016.77 | 1136.02 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1021.87 | 1136.02 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 | 1704.02 |
| **Total** | | **70300000** | **70418.03** | **75632.25** |

In respect of MMFSL, quoted investments of Rs. 70418.03 Lakhs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Details of investments in Secured redeemable non-convertible debentures :

**As at March 31, 2017:**

**Rs. in Lakhs**

| Sr. No | ISIN Description | Total Quantity | Face Value (Rs. In Lakhs) | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 416667 | 80 | 800 | 0.00 | 166.67 | 166.67 |
| 2 | LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 0.00 | 156.25 | 156.25 |
| 3 | M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 0.00 | 156.25 | 156.25 |
| 4 | SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 80 | 800 | 0.00 | 166.67 | 166.67 |
| 5 | SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAC | 300 | 3000 | 0.00 | 625.00 | 625.00 |
| 6 | SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAC | 200 | 2000 | 0.00 | 416.67 | 416.67 |
| 7 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS250000 | 150 | 1500 | 0.00 | 312.50 | 312.50 |
| 8 | UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28JUNE19 FVRS10LAC | 800 | 8000 | 5600.00 | 2400.00 | 8000.00 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9 | PUDHUAARU FINANCIAL SERVICED PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAC | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 10 | SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAC | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 11 | SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAC | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 12 | SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAC | 75 | 750 | 375.00 | 375.00 | 750.00 |
| 13 | ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAC | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| | **Total** | | | **8975.00** | **7775.01** | **16750.01** |

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**iii) Details of mutual fund units :**

**As at March 31, 2017:**

**Rs. in Lakhs**

| **Particulars** | **Net Asset Value (Rs.)** | **Units** | **Amount** | **Market Value** |
|---|---|---|---|---|
| MAHINDRA KAR BACHAT YOJNA | 11.1376 | 500000 | 50.00 | 55.69 |
| MAHINDRA LIQUID FUND | 1052.6354 | 5000 | 50.00 | 52.63 |
| MAHINDRA DHAN SANCHAY YOJANA | 10.2917 | 500000 | 50.00 | 51.46 |
| MAHINDRA ALP SAMAY BACHAT YOJANA | 1009.9978 | 5000 | 50.00 | 50.50 |
| HDFC Charity Fund for Cancer Cure | 10.0265 | 2000000 | 200.00 | 200.53 |
| Total | | | **400.00** | **410.81** |

**For FY 2015-16:**

i) **Details of quoted Long-term investments in Government stock :**

**As at March 31, 2016:**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1,427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1,070.70 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1,005.27 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1,001.54 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1,506.11 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2,030.88 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2,648.71 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1,099.95 |
| MP SDL 8.15%-13/11/2025 | 100 | 2500000 | 2,501.01 |
| TN SDL 8.27%-23/12/2025 | 100 | 1000000 | 1,002.00 |
| UP SDL 8.39% 27/01/2026 | 100 | 500000 | 500.66 |

| | | | |
|---|---|---|---|
| UP SDL 8.39% 27/01/2026 | 100 | 1000000 | 1,001.31 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2000000 | 2,062.09 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1,898.50 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 1,016.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1,380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1,868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1,867.90 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2,002.33 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,026.39 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,027.65 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 515.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,031.33 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 524.88 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,040.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1,594.21 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,104.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,088.07 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1,450.20 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2,191.79 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2,401.50 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1,010.56 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1,031.88 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1000000 | 1,026.53 |

| | | | |
|---|---|---|---|
| Govt Stock 8.33%-07/06/2036 | 100 | 1500000 | 1,549.82 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1,359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1,017.45 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1,022.75 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1,469.33 |
| **Total** | | **63500000** | **63,220.81** |

In respect of MMFSL, Quoted investments of Rs. 63220.81 Lakhs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) **Details of investments in Secured redeemable non-convertible debentures** :
**As at March 31, 2016:**

**Rs. in Lakhs**

| Sr. No | ISIN Description | Total Quantity | Face Value (Rs. In Lakhs) | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000 | - | 416.67 | 416.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000 | - | 416.67 | 416.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE | 75 | 750 | - | 187.50 | 187.50 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | | | | | |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500 | - | 625.00 | 625.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 8 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000 | - | 250.00 | 250.00 |
| 9 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 200 | 2000 | - | 833.33 | 833.33 |
| 10 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 150 | 1500 | - | 375.00 | 375.00 |
| 11 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500 | - | 625.00 | 625.00 |
| 12 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 13 | INTREPID FINANCE AND LEASING PRIVATE | 80 | 800 | 166.67 | 400.00 | 566.67 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000 | | | | | |
| 14 | LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 15 | M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 16 | SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 80 | 800 | 166.67 | 400.00 | 566.67 |
| 17 | SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAC | 300 | 3000 | 625.00 | 1500.00 | 2125.00 |
| 18 | SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAC | 200 | 2000 | 416.67 | 1000.00 | 1416.67 |
| 19 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000 | 150 | 1500 | 312.50 | 750.00 | 1062.50 |
| | **Total** | | | **2000.01** | **9279.17** | **11279.18** |

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of issue.

**For FY 2014-15:**

## i) Details of quoted Long-term investments in Government stock :

**As on 31st March, 2015:**

Rs. in lakhs

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1,427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1,084.47 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1,507.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1,006.17 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1,001.80 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2,034.93 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2,666.00 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1,111.57 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1,380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1,868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1,867.90 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1,898.50 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2,002.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,028.19 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,029.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 516.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,033.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 526.58 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,042.83 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1,600.64 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,111.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1,094.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1,450.20 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2,204.88 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2,401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1,359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1,018.13 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1,023.64 |

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1,469.33 |
| **Total** | | **51000000** | **50,612.79** |

Quoted investments of Rs. 50,612.79 Lakhs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

**ii)** Details of investments in Secured redeemable non-convertible debentures :

**As at March 31, 2015:**

Rs. in lakhs

| Sr. No | ISIN Description | Total Quantity | Face Value | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.5 | 375 | 562.50 |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1,375.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 8 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |

| Sr. No | ISIN Description | Total Quantity | Face Value | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 9 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1,375.00 |
| 10 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |
| 11 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 200 | 2000.00 | 833.33 | 1,000.00 | 1,833.33 |
| 12 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 150 | 1500.00 | 375.00 | 750.00 | 1,125.00 |
| 13 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1,375.00 |
| 14 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| | **Total** | | | **5,354.17** | **7,875.00** | **13,229.17** |

**iii)** During the year, the Company has made investment of Rs 0.05 Lakhs in 500 equity shares of face value Rs. 10/- each in New Democratic Electoral Trust, as section 8 company formed by Mahindra & Mahindra Limited.

**For FY 2013-14:**

**(i) Details of quoted Long-term investments in Government stock**
**As on 31st March,2014**

Rs. in lakhs

| Particulars | Face value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1098.16 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1508.00 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1007.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1002.06 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2683.23 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1123.16 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.99 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1031.42 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 517.58 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1035.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 528.28 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1045.56 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1607.06 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1118.72 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1100.08 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1018.81 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1024.52 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **38000000** | **37895.56** |

Quoted investments of Rs. 37895.56 Lakhs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

Rs. in lakhs

## 14 Deferred tax assets (net)

| | | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| - Provision for non performing assets / loss & expenses on assignments | | **74,124.44** | 69,406.99 | **54,163.79** | 36,985.97 | **27,470.24** |
| - Provision for standard assets | | **7,504.20** | 6,220.71 | **5,280.12** | 4,662.96 | **4,127.35** |
| - Other disallowances | | **3,767.11** | 1,812.80 | **1,479.98** | 983.15 | **987.39** |
| - Difference between written down value of books of account and Income Tax Act, 1961 | | **1,813.35** | 1,407.46 | **1,006.12** | 700.50 | **-** |
| | **(a)** | **87,209.10** | 78,847.96 | **61,930.01** | 43,332.58 | **32,584.98** |
| **Deferred tax liabilities** | | | | | | |
| - Special Reserve | | **4,890.68** | 3,130.19 | **2,006.08** | 1,206.81 | **-** |
| | **(b)** | **4,890.68** | 3,130.19 | **2,006.08** | 1,206.81 | **49.14** |
| **Total** | **(a-b)** | **82,318.42** | 75,717.77 | **59,923.93** | 42,125.77 | **32,535.84** |

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1) (vii) (a) of the Income tax Act, 1961.

## 15 Long-term loans and advances :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans and advances:** | | | | | |
| **- Secured, considered good** | | | | | |
| Loans against assets | **3,316,371.80** | 2,686,417.75 | **2,194,361.87** | 1,925,548.92 | **1,722,383.96** |
| Retained interest in Pass Through Certificates under securitization transactions | **4.25** | 40.85 | **162.02** | 403.46 | **828.43** |
| Retained interest under assignment transactions | **145.65** | 145.90 | **150.75** | 257.64 | **703.85** |
| **- Secured, considered doubtful (non-performing)** | | | | | |
| Loans against assets | **141,080.19** | 102,637.13 | **77,912.49** | 51,958.78 | **37,570.89** |
| **- Unsecured, considered good** | | | | | |
| Interest Only Strip (I/O Strip) under securitization transactions (refer note 35) | **3,013.35** | 2,471.88 | **4,730.45** | 5,175.94 | **6,629.14** |
| Loans and advances (including overdue loans) | **2,713.87** | 499.33 | **1,349.95** | 97.19 | **1,342.23** |
| **- Unsecured, considered doubtful (non-performing)** | | | | | |
| Loans and advances (including overdue loans) | **216.70** | 415.48 | **387.57** | 214.80 | **57.80** |
| **Others :** | | | | | |
| **- Unsecured, considered good** | | | | | |
| Capital advances | **537.13** | 394.94 | **152.97** | 282.24 | **39.20** |
| Security Deposits for office premises / others | **2,902.58** | 2,486.78 | **2,211.70** | 1,954.20 | **1,718.46** |
| Advance payment of taxes (net of provisions) | **21,238.90** | 17,392.11 | **10,422.07** | 6,343.48 | **6,204.81** |
| **Total** | **3,488,224.42** | 2,812,902.15 | **2,291,841.84** | 1,992,236.65 | **1,777,478.77** |

Rs. in lakhs

## 16 Other non-current assets :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Term deposits with banks | | | | | |
| - Free | **980.10** | 294.00 | **-** | 4,086.77 | **2,500.00** |
| - Under lien (refer note 19) | **874.62** | 10,989.88 | **3,370.23** | 18,414.12 | **11,143.00** |
| Prepaid expenses | **573.04** | 382.39 | **124.76** | 90.28 | **102.65** |
| Unamortised placement and arrangement fees paid on borrowing instruments | **353.61** | 458.01 | **550.19** | 500.16 | **404.89** |
| Derivative contract receivables | **14.86** | - | **459.52** | - | **-** |
| Exchange gain receivable on forward contract on foreign currency loans | **941.85** | - | **391.45** | 168.00 | **-** |
| Deferred premium on foreign currency loan forward contracts | **2,144.55** | - | **1,015.24** | 594.57 | **-** |
| **Total** | **5,882.63** | 12,124.28 | **5,911.39** | 23,853.90 | **14,150.54** |

## 17 Current investments :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **i) Quoted -** | | | | | |
| Secured redeemable non-convertible debentures (refer note 13(ii)) | **10,275.00** | 7,775.01 | 9,279.17 | 7,875.00 | **-** |
| Units of mutual funds (refer note 17 (i)) | **835.37** | 28,964.84 | 5,569.66 | 74.80 | **-** |
| | **11,110.37** | **36,739.85** | **14,848.83** | **7,949.80** | **-** |
| **ii) Unquoted (at cost) :** | | | | | |
| Certificate of deposits with banks (refer note 17 (ii)) | **-** | - | 24,821.50 | - | 24,289.13 |
| Commercial Papers (refer note 17 (iii)) | **30,050.68** | 20,858.36 | 13,712.68 | 1,467.25 | 9,965.50 |
| | **30,050.68** | **20,858.36** | **38,534.18** | **1,467.25** | **34,254.63** |
| **Total** | **41,161.05** | **57,598.21** | **53,383.01** | **9,417.05** | **34,254.63** |

**Additional Information :**

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Aggregate amount of quoted investments and market value - | | | | | |
| - Aggregate amount | **11,110.37** | 36,739.85 | **14,848.83** | 7,949.80 | - |
| - Market Value # | **11,146.27** | 36,756.28 | **9,624.73** | - | - |
| Aggregate amount of unquoted investments | **30,050.68** | 20,858.36 | **38,534.18** | 1,467.25 | **34,254.63** |

# Of the total quoted investments mentioned above, book value of secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available.

## For FY 2017-18:

### i) Details of investment in Mutual fund units –

**As at 31 March 2018**

Rs. in lakhs

| Sr. no. | Particulars | Net Asset Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|---|
| 1 | Mahindra Liquid fund | 1,124.40 | 6342.022 | 70.88 | 71.31 |
| 2 | Mahindra Low Duration | 1,081.30 | 24044.201 | 250.71 | 259.99 |
| 3 | Mahindra Low Duration | 1,081.31 | 48617.966 | 500.00 | 525.71 |
| 4 | Mahindra Liquid fund | 1,124.22 | 1040.725 | 11.28 | 11.70 |
| 5 | Mahindra Low Duration | 1,079.95 | 237.048 | 2.50 | 2.56 |
| | **Total** | | | 835.37 | 871.27 |

### ii) Details of unquoted current investment in Commercial Papers :

**As at 31 March 2018**

**Rs. in lakhs**

| Particulars | Face value Rs. | Units | Amount |
|---|---|---|---|
| Fincare Small Finance Bank Limited | 500,000.00 | 500 | 2,500.00 |
| Neo Growth Credit Pvt Limited | 500,000.00 | 800 | 4,000.00 |
| Satin Creditcare Network Limited | 500,000.00 | 1,000 | 5,000.00 |
| Satin Creditcare Network Limited | 500,000.00 | 1,000 | 5,000.00 |
| Northern Arc Capital Limited | 500,000.00 | 2,000 | 0,000.00 |
| IKF Finance Limited | 500,000.00 | 1,000 | 5,000.00 |
| **Total at face value** | | 6,300 | 31,500.00 |
| **Less: Unamortized discounting charges** | | | 1,449.32 |
| **Total redemption value, net of unamortized discounting charges** | | | 30,050.68 |

**For FY 2016-17:**

**(i) Details of quoted current investments in Units of Mutual Fund**

**As at March 31, 2017:**

**Rs. in Lakhs**

| Particulars | Net Asset Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|
| MAHINDRA LIQUID FUND | 1052.6354 | 48517.439 | 940.00 | 944.84 |
| MAHINDRA ALP SAMAY BACHAT YOJANA | 1009.9978 | 93549.168 | 507.78 | 510.71 |
| MAHINDRA LIQUID FUND | 1052.6354 | 2375664.604 | 25,000.00 | 25,007.10 |
| MAHINDRA ALP SAMAY BACHAT YOJANA | 1009.9978 | 247640.163 | 2,500.00 | 2,501.16 |
| MAHINDRA LIQUID FUND | 1052.6354 | 1659.002 | 17.06 | 17.46 |
| Total | | | **28,964.84** | **28,981.27** |

**(ii) Details of unquoted current investments in certificate of deposits**

As at March 31, 2017 : Nil

**(iii) Details of unquoted current investment in Commercial Paper**

As at March 31, 2017

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Total (qty) | Amount |
|---|---|---|---|
| ESAF MICROFINANCE & INVESTMENT PRIVATE LIMITED | 500000 | 1500 | 7,500.00 |
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 1500 | 7,500.00 |
| FIVE STAR BUSINESS FINANCE LIMITED | 500000 | 500 | 2,500.00 |
| SATIN CREDITCARE NETWORK LIMITED | 500000 | 1000 | 5,000.00 |
| **Total** | | **4,500.00** | **22,500.00** |

**For FY 2015-16:**

## i) Details of quoted current investments in Units of Mutual Fund

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Units | Amount |
|---|---|---|
| KOTAK MUTUAL FUND | 137613.67 | 3379.67 |
| ICICI PRUDENTIAL MUTUAL FUND | 410474.45 | 907.36 |
| RELIANCE MUTUAL FUND | 35243.43 | 1282.63 |
| **Total** | | **5569.66** |

## ii) Details of unquoted current investments in certificate of deposits

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| IDBI BANK | 100000 | 5000 | 4992.89 |
| IDBI BANK | 100000 | 10000 | 9982.22 |
| ORIENTAL BANK OF COMMERCE | 100000 | 10000 | 9846.39 |
| **Total** | | **25000** | **24821.50** |

## iii) Details of unquoted current investments in Commercial Papers

**As at March 31, 2016 :**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Total (qty) | Amount |
|---|---|---|---|
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 500 | 2,500.00 |
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 1000 | 5,000.00 |
| JANALAKSHMI FINANCIAL SERVICES LIMITED | 500000 | 1500 | 7,500.00 |
| **Total** | | **3000** | **15,000.00** |

**For FY 2014-15:**

**i) Details of quoted current investments in Mutual Funds**

As on 31st March 2015 : 7,17,185.28 units of Rs.10/- each in JM High Liquid Fund

**ii) Details of unquoted current investments in certificate of deposits**

As on 31st March 2015 : Nil

**iii) Details of unquoted current investments in Commercial Papers (CP)**

As on 31st March 2015 : 1 CP instrument of face value Rs.15.00 lakhs per CP issued by IKF Finance Limited.

**For FY 2013-14:**

**i) Details of quoted current investments in Mutual Funds**

As on 31st March 2014 : Nil

**ii) Details of unquoted current investments in certificate of deposits**

As on 31st March 2014

**Rs. in lakhs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Indian Bank | 100000 | 5000 | 4924.83 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Canara Bank | 100000 | 5000 | 4944.74 |
| Union Bank of India | 100000 | 5000 | 4917.75 |
| Indian Bank | 100000 | 5000 | 4906.50 |
| **Total** | | **25000** | **24289.13** |

**iii) Details of unquoted current investments in Commercial Papers (CP)**

As on 31st March 2014 : 2000 CPs of face value of Rs.5.00 lakhs each issued by Citicorp Finance (India) Limited.

Rs. in lakhs

## 18 Trade receivables

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Secured, considered good :** | | | | | |
| - Lease rental receivable on operating lease transactions | 0.49 | - | - | - | - |
| (outstanding for a period exceeding six months from the date they are due for payment) | | | | | |
| **Secured, considered doubtful / non-performing :** | | | | | |
| - Trade receivable on hire purchase transactions | 373.39 | 374.19 | 374.19 | 375.53 | 377.66 |
| (outstanding for a period exceeding six months from the date they are due for payment) | | | | | |
| **Unsecured, considered good :** | | | | | |
| - Debts outstanding for a period exceeding six months from the date they are due for payment | 104.76 | 25.92 | 36.52 | 41.07 | 5.02 |
| - Debts outstanding for a period not exceeding six months from the date they are due for payment | 5,538.84 | 1,859.20 | 1,561.24 | 1,000.93 | 1,299.15 |
| **Unsecured, considered doubtful :** | | | | | |
| - Debts outstanding for a period exceeding six months from the date they are due for payment | 28.50 | 36.62 | 28.50 | 36.62 | 28.50 |
| **Total** | **6,045.98** | **2,295.93** | **2,000.45** | **1,454.15** | **1,710.33** |

## 19 Cash and bank balances

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **a) Cash and cash equivalents :** | | | | | |
| - Cash on hand | 1,755.07 | 2,426.02 | 2,390.69 | 1,583.76 | 2,859.48 |
| - Cheques and drafts on hand | 1,264.80 | 1,258.49 | 544.49 | 296.98 | 608.52 |
| - Balances with banks in current accounts | 31,571.21 | 40,041.93 | 20,632.25 | 18,322.73 | 19,967.25 |
| -Term deposits with original maturity up to 3 months | 25.00 | - | - | - | 1.78 |
| | **34,616.08** | **43,726.44** | **23,567.43** | **20,203.47** | **23,437.03** |
| **b) Bank balances other than cash and cash equivalents :** | | | | | |
| Earmarked balances with banks - | | | | | |
| - Unclaimed dividend accounts | 77.24 | 53.98 | 53.45 | 59.01 | 59.25 |
| Term deposits with maturity less than 12 months - | | | | | |
| - Free | 9,844.77 | 1,862.00 | 92.00 | - | 5,450.00 |
| - Under lien # | 3,999.70 | 14,745.12 | 36,880.77 | 28,755.88 | 28,097.00 |
| | **13,921.71** | **16,661.10** | **37,026.22** | **28,814.89** | **33,606.25** |
| **Total** | **48,537.79** | **60,387.54** | **60,593.65** | **49,018.36** | **57,043.28** |

**For FY 2017-18:**

**# Details of Term deposits:**

**Rs. in Lakhs**

| | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| Term deposits for SLR | - | 766.00 | 766.00 | 5,563.00 | 766.00 | 6,329.00 |
| Collateral deposits for securitization transactions | 3,162.88 | 37.12 | 3,200.00 | 8,766.12 | 10,047.88 | 18,814.00 |
| Legal deposits | 9.82 | 11.50 | 21.32 | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account | 802.00 | - | 802.00 | 413.00 | 99.00 | 512.00 |
| Collateral deposits with banks for Aadhaar authentication | 25.00 | - | 25.00 | - | - | - |
| Under lien with IRDA for broking license | - | 60.00 | 60.00 | - | 60.00 | 60.00 |
| **Total** | **3,999.70** | **874.62** | **4,874.32** | **14,745.12** | **10,989.88** | **25,735.00** |

**For FY 2016-17:**

**Details of term deposits under lien:**

**Rs. in Lakhs**

| | As at March 31, 2017 | | | As at March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| Term deposits for SLR (i) | 5563.00 | 766.00 | 6329.00 | 15,307.00 | 2,470.00 | 17,777.00 |
| Collateral deposits for securitization transactions (ii) | 8766.12 | 10047.88 | 18814.00 | 21,380.77 | 513.23 | 21,894.00 |
| Legal deposits (iii) | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv) | 413.00 | 99.00 | 512.00 | 190.00 | 310.00 | 500.00 |
| Lien free deposits | 1862.00 | 294.00 | 2156.00 | | | |
| Under lien with IRDA for broking license (v) | 0.00 | 60.00 | 60.00 | 0.00 | 60.00 | 60.00 |
| **Total** | **16,607.12** | **11,283.88** | **27,891.00** | **36,880.77** | **3,370.23** | **40,251.00** |

**# Term deposits with scheduled banks under lien include:**

i) Rs. 6,329.00 Lakhs (March 31, 2016 : Rs. 17777.00 Lakhs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Rs. 18,814.00 Lakhs (March 31, 2016 : 21,894.00 Lakhs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.

iii) Rs. 20.00 Lakhs (March 2016 : Rs.20.00 Lakhs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 512.00 Lakhs (March 2016 : Rs. 500 Lakhs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) In respect of MIBL, term deposit with IRDA for broking licence Rs. 60 Lakhs (March 2016: 60.00 Lakhs).

**For FY 2015-16:**

**Details of term deposits under lien:**

**Rs. in Lacs**

| | As at March 31, 2016 | | | As at March 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| Term deposits for SLR (i) | 15307.00 | 2470.00 | 17,777.00 | 10,783.00 | 13,722.00 | 24,505.00 |
| Collateral deposits for securitization transactions (ii) | 21380.77 | 513.23 | 21,894.00 | 17,469.88 | 4,615.12 | 22,085.00 |
| Legal deposits (iii) | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv) | 190.00 | 310.00 | 500.00 | 500.00 | - | 500.00 |
| Under lien with IRDA for broking license (iv) | 0.00 | 60.00 | 60.00 | 0.00 | 60.00 | 60.00 |
| **Total** | **36,880.77** | **3,370.23** | **40,251.00** | **28,755.88** | **18,414.12** | **47,170.00** |

**# Term deposits with scheduled banks under lien include:**

i) Rs. 17777.00 Lacs (March 31, 2015 : Rs. 24505.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Rs. 21894.00 Lacs (March 31, 2015 : 22085.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.

iii) Rs. 20.00 Lacs (March 2015 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 500.00 Lacs (March 2015 : Rs. 500 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) In respect of MIBL, Term deposit with Insurance Regulatory & Development Authority of India for broking licence Rs. 60 Lacs (March 2015: 60.00 Lacs).

**For FY 2014-15:**

**Details of term deposits under lien:**

**Rs. in lakhs**

| | As at March 31, 2015 | | | As at March 31, 2014 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| Term deposits for SLR (i) | 10,783.00 | 13,722.00 | 24,505.00 | 17,963.00 | 501.00 | 18,464.00 |
| Collateral deposits for securitization transactions (ii) | 17,469.88 | 4,615.12 | 22,085.00 | 9,621.00 | 10,575.00 | 20,196.00 |
| Legal deposits (iii) | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv) | 500.00 | - | 500.00 | 500.00 | - | 500.00 |
| Under lien with IRDA for broking license (iv) | 0.00 | 60.00 | 60.00 | 10.00 | 50.00 | 60.00 |
| **Total** | **28,755.88** | **18,414.12** | **47,170.00** | **28,097.00** | **11,143.00** | **39,240.00** |

**# Term deposits with scheduled banks under lien include:**

i) Rs. 24,505.00 Lacs (March 2014 : Rs. 18,464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.

ii) Rs. 22,085.00 Lacs (March 2014 : 20,196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.

iii) Rs. 20.00 Lacs (March 2014 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 500.00 Lacs (March 2014 : Rs. 500 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) Term deposit with IRDA for broking licence Rs. 60.00 Lacs (March 2014: 60.00 Lacs).

**For FY 2013-14:**

**Details of term deposits under lien a**s at March 2014**:**

Rs. lakhs

| | **Cash and bank balances** | **Other Non-current assets** | **Total** |
|---|---|---|---|
| Term deposits for SLR (i) | 17963.00 | 501.00 | 18464.00 |
| Collateral deposits for securitization transactions (ii) | 9621.00 | 10575.00 | 20196.00 |
| Legal deposits (iii) | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv) | 500.00 | - | 500.00 |
| Under lien with IRDA for broking license (iv) | 10.00 | 50.00 | 60.00 |
| **Total** | **28097.00** | **11143.00** | **39240.00** |

**# Term deposits with scheduled banks under lien include:**

i) Rs. 18464.00 Lacs being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

ii) Rs. 20196.00 Lacs being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.

iii) Rs. 20.00 Lacs as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs.500.00 Lacs as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) Term deposit with IRDA for broking licence Rs. 50.00 Lacs.

Rs. in lakhs

## 20 Short-term loans and advances :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans and advances:** | | | | | |
| **- Secured, considered good** | | | | | |
| Loans against assets | 2,005,136.58 | 1,717,981.76 | 1,538,000.53 | 1,376,097.74 | 1,177,363.31 |
| Retained interest in Pass Through Certificates (PTC) under securitization transactions | 31.90 | 110.98 | 310.32 | 839.89 | 1,387.00 |
| Retained interest under assignment transactions | 1.46 | 15.31 | 143.30 | 524.46 | 914.35 |
| **- Secured, considered doubtful / non-performing** | | | | | |
| Loans against assets | 320,582.94 | 292,410.35 | 215,293.79 | 136,103.12 | 87,726.29 |
| **- Unsecured, considered good** | | | | | |
| Loans and advances | 35,114.83 | 10,570.14 | 2,172.46 | 3,400.30 | 4,893.21 |
| Bills of exchange | 55,358.64 | 38,851.72 | 29,447.55 | 14,955.03 | 12,333.78 |
| Trade Advances | 139,955.43 | 117,787.88 | 115,040.60 | 104,318.29 | 117,805.85 |
| Interest Only Strip (I/O Strip) under securitization transactions (refer note 35) | 10,583.84 | 17,300.26 | 20,665.26 | 19,175.40 | 15,910.53 |
| Inter corporate deposits to other parties | - | - | - | - | - |
| Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.) | - | - | - | - | 1,091.74 |
| Other short term advances | 3,051.33 | 1,950.76 | 1,299.15 | 692.81 | 602.06 |
| **- Unsecured, considered doubtful / non-performing** | | | | | |
| Loans and advances | 3,882.40 | 319.17 | 766.56 | 694.72 | 780.14 |
| Inter corporate deposits to related parties | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Bills of exchange | 16.27 | - | - | - | - |
| Trade Advances | 3,771.58 | 3,791.46 | 1,575.91 | 1,256.06 | 605.52 |
| **Others :** | | | | | |
| **- Unsecured, considered good** | | | | | |
| Security Deposits for office premises / others | 221.58 | 445.88 | 402.31 | 375.83 | 274.72 |
| **Total** | **2,577,808.78** | **2,201,635.67** | **1,925,217.74** | **1,658,533.65** | **1,429,463.20** |

## 21 Other current assets :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Interest accrued on -** | | | | | |
| - Investments | 1,409.63 | 1,394.60 | 1,232.70 | 958.56 | 741.98 |
| - Others deposits | 1,465.61 | 1,206.76 | 3,389.16 | 2,281.44 | 2,300.13 |
| Prepaid expenses | 2,345.78 | 1,478.02 | 1,255.63 | 929.69 | 910.25 |
| Unamortised placement and arrangement fees paid on borrowing instruments | 123.22 | 122.51 | 120.00 | 113.40 | 94.62 |
| Insurance advances | 479.44 | 178.51 | 191.01 | 154.09 | 142.76 |
| Other receivables | 2,244.68 | 1,308.50 | 1,202.08 | 2,015.98 | 579.57 |
| Exchange gain receivable on forward contract on foreign currency loans | - | 190.40 | 888.13 | - | - |
| Deferred premium on foreign currency loan forward contracts | 2,899.09 | 504.38 | 3,341.21 | 722.96 | - |
| **Total** | **10,967.45** | **6,383.68** | **11,619.92** | **7,960.59** | **5,852.31** |

Rs. in lakhs

## 22 Revenue from operations

| | | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|---|
| **a) Interest Income** | | | | | | |
| Income from loans | | 765,132.74 | 643,312.10 | 582,766.20 | 530,058.94 | 465,926.82 |
| Income from hire purchase | | 8.24 | 15.07 | 26.09 | 31.64 | 61.35 |
| Interest on term deposits / Inter-corporate deposits / Bonds etc. | | 6,415.31 | 6,343.93 | 6,356.72 | 5,542.22 | 3,377.31 |
| Interest on retained interest in PTCs under securitization transactions | | 3.43 | 12.59 | 43.55 | 97.12 | 211.79 |
| Interest on Government securities - Long term | | 5,714.35 | 5,345.19 | 4,710.02 | 3,710.69 | 2,477.24 |
| | (a) | **777,274.07** | **655,028.88** | **593,902.58** | **539,440.61** | **472,054.51** |
| **b) Other financial services** | | | | | | |
| Income from insurance business / services | | 19,514.91 | 12,733.27 | 11,043.64 | 9,663.44 | 9,750.51 |
| Income from mutual fund business | | 1,885.90 | 354.14 | - | - | - |
| Service charges and other fees on loan transactions | | 35,177.78 | 30,388.05 | 26,758.29 | 25,369.11 | 22,961.42 |
| Income from hire purchase | | 0.12 | 0.14 | 0.13 | 0.20 | 0.21 |
| Income from bill discounting | | 5,259.22 | 4,179.23 | 3,047.41 | 2,018.08 | 1,383.25 |
| Income from lease | | 2.69 | - | 1.24 | 0.51 | 0.36 |
| Income from assignment / securitisation transactions (refer note 35) | | 14,199.95 | 11,936.72 | 20,633.45 | 25,622.33 | 21,372.47 |
| | (b) | **76,040.57** | **59,591.55** | **61,484.16** | **62,673.67** | **55,468.22** |
| **Total** | **(a + b)** | **853,314.64** | **714,620.43** | **655,386.74** | **602,114.28** | **527,522.73** |

**Revenue in foreign currency**

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Brokerage | 164.00 | 77.16 | - | - | - |
| Consultancy fees | 8.10 | - | - | - | - |

## 23 Other Income

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| **Dividend income -** | | | | | |
| - Current investments in mutual fund units | 170.67 | 85.48 | 163.78 | 84.89 | 56.61 |
| Net profit / loss on sale of current investments | 114.32 | 308.35 | 1.16 | 468.64 | 9.15 |
| **Other non-operating income -** | | | | | |
| - Profit on sale / retirement of owned assets (net) | 51.76 | 9.76 | 100.34 | 9.65 | 2.80 |
| - Income from shared services | 2,567.91 | 3,891.40 | 3,027.53 | 2,418.96 | 1,793.00 |
| - Others | 1,130.37 | 1,149.66 | 1,065.44 | 988.66 | 670.99 |
| **Total** | **4,035.03** | **5,444.65** | **4,358.25** | **3,970.80** | **2,532.55** |

## 24 Employee benefits expense

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Salaries and wages | 102,750.33 | 78,281.98 | 61,897.06 | 49,931.47 | 44,455.92 |
| Contribution to provident funds and other funds | 8,718.73 | 6,149.66 | 4,563.15 | 3,704.05 | 2,937.03 |
| Expense on employee stock option scheme (refer note 31 (f)) | 944.78 | 1,087.28 | 1,748.82 | 1,288.63 | 368.14 |
| Staff welfare expenses | 3,300.29 | 3,145.04 | 2,200.19 | 1,786.04 | 1,689.42 |
| **Total** | **115,714.13** | **88,663.96** | **70,409.22** | **56,710.19** | **49,450.51** |

Rs. in lakhs

## 25 Finance costs

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Interest expenses | 340,038.47 | 315,829.46 | 284,204.58 | 261,899.78 | 225,990.70 |
| Other borrowing costs | 2,593.09 | 2,787.98 | 2,630.15 | 2,400.03 | 2,105.74 |
| **Total** | **342,631.56** | **318,617.44** | **286,834.73** | **264,299.81** | **228,096.44** |

## 26 Depreciation and amortization expenses

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Depreciation on tangible assets | 5,061.03 | 4,602.93 | 4,131.51 | 4,269.01 | 2,487.53 |
| Amortization of intangible assets | 460.11 | 769.39 | 438.27 | 281.75 | 120.52 |
| **Total** | **5,521.14** | **5,372.32** | **4,569.78** | **4,550.76** | **2,608.05** |

## 27 Loan provisions and write offs

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Bad debts and write offs | 108,600.43 | 86,325.81 | 51,978.52 | 48,804.81 | 24,164.78 |
| Provision for non-performing assets (net) (refer notes 7, 11, 32 (a) and 33) | 20,643.74 | 49,904.87 | 56,064.16 | 34,744.75 | 25,449.51 |
| Provision for standard assets (refer note no.7, 11, 32 (b) and 33) | 3,500.19 | 2,725.36 | 1,775.75 | 1,330.83 | 2,284.13 |
| Provision for diminution in the fair value of restructured advances | (9.27) | (0.94) | 0.64 | 9.56 | - |
| **Total** | **132,735.09** | **138,955.10** | **109,819.07** | **84,912.26** | **51,898.42** |

## 28 Other expenses

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Electricity charges | 2,343.62 | 2,171.52 | 1,953.43 | 1,676.72 | 1,446.48 |
| Rent | 7,887.39 | 7,488.54 | 6,902.19 | 5,799.81 | 4,868.71 |
| Repairs and maintenance - | | | | | |
| - Buildings | 685.49 | 602.09 | 567.39 | 382.45 | 458.75 |
| - Others | 284.97 | 362.35 | 337.23 | 217.77 | 149.50 |
| Insurance | 2,671.26 | 2,234.46 | 1,842.01 | 1,442.69 | 1,218.73 |
| Rates and taxes, excluding taxes on income | 79.79 | 829.79 | 560.22 | 367.08 | 841.43 |
| Directors' sitting fees and commission | 548.03 | 348.11 | 337.59 | 216.83 | 147.32 |
| Commission and brokerage | 25,285.73 | 22,553.26 | 17,251.03 | 16,271.72 | 14,747.89 |
| Legal and professional charges | 17,633.52 | 11,861.11 | 8,919.65 | 6,670.64 | 7,437.38 |
| Manpower outsourcing cost | 1,823.21 | 706.49 | - | - | - |
| Loss on Sale / retirement of owned assets | 0.41 | - | - | - | - |
| Payments to the auditor - | | | | | |
| - Audit fees | 81.35 | 66.01 | 76.28 | 66.46 | 68.87 |
| - Taxation matters | 29.68 | 22.54 | 10.45 | 7.00 | 4.49 |
| - Other services | 46.08 | 41.43 | 48.83 | 25.97 | 17.50 |
| - Reimbursement of expenses | 1.81 | 1.85 | 1.30 | 0.79 | 1.67 |
| CSR donations and expenses (refer note 40) | 3,127.96 | 3,362.57 | 3,135.74 | 2,645.80 | 786.45 |
| General and administrative expenses | 37,117.52 | 32,028.69 | 23,756.87 | 19,833.47 | 19,653.94 |
| **Total** | **99,647.82** | **84,680.81** | **65,700.21** | **55,625.20** | **51,849.11** |

**Expenditure incurred in foreign currency**

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Travelling expenses | 32.56 | 37.53 | 33.02 | 19.86 | 57.81 |
| Legal and professional fees | 163.62 | 295.85 | 201.97 | 126.68 | 115.24 |
| Other expenses | 405.01 | 33.71 | 37.96 | 55.97 | 53.38 |

Rs. in lakhs

**29 Exceptional items**

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Profit on sale of investments in shares of subsidiary company (refer note 13 (v)) | 5,073.72 | - | - | - | - |
| **Total** | **5,073.72** | - | - | - | - |

**30** The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

| | Name of the Joint Ventures | Country of Incorporation | Percentage of ownership interest |
|---|---|---|---|
| i) | Mahindra Finance USA, LLC | United States of America | 49.00% |

**ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities**

| Sr. no. | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|---|
| I | **ASSETS** | | | | | |
| 1 | Long-term loans and advances | 269,341.37 | 226,440.34 | 194,461.94 | 134,841.57 | 91,873.00 |
| 2 | Deferred tax assets | 736.87 | 1,028.95 | 735.90 | 451.68 | 306.36 |
| 3 | Cash and cash equivalents | 748.64 | 577.88 | 624.49 | 266.35 | 395.53 |
| 4 | Short-term loans and advances | 68,849.03 | 67,937.52 | 46,666.10 | 30,597.35 | 20,280.33 |
| 5 | Other current assets | 1,263.15 | 1,142.89 | 1,263.15 | 1,142.89 | 1,263.15 |
| II | **LIABILITIES** | | | | | |
| 1 | Long-term borrowings | 122,372.59 | 118,296.56 | 108,561.47 | 75,101.31 | 48,549.09 |
| 2 | Other Long-term liabilities | - | - | - | - | - |
| 3 | Long term provisions | 989.79 | 775.45 | 727.01 | 430.29 | 333.14 |
| 4 | Short term borrowings | 109,429.15 | 80,431.74 | 55,269.45 | 36,064.29 | 28,664.24 |
| 5 | Other current liabilities | 75,055.46 | 69,333.16 | 56,052.27 | 40,044.49 | 25,810.16 |
| 6 | Short term provisions | 252.87 | 233.16 | 176.84 | 100.71 | 77.40 |
| III | **INCOME** | | | | | |
| 1 | Revenue from operations | 17,274.07 | 14,013.55 | 10,048.49 | 6,602.74 | 4,782.11 |
| 2 | Other income | 479.11 | 809.26 | 635.97 | 365.65 | 210.91 |
| IV | **EXPENSES** | | | | | |
| 1 | Finance costs | 7,001.47 | 5,656.00 | 3,918.39 | 2,492.20 | 1,677.26 |
| 2 | Provisions and write-offs | 1,068.00 | 912.31 | 973.53 | 327.88 | 251.15 |
| 3 | Other expenses | 4,484.43 | 4,013.33 | 2,913.69 | 2,021.86 | 1,578.45 |
| 4 | Provision for current tax | 1,839.62 | 1,884.27 | 1,294.04 | 893.55 | 823.54 |
| 5 | Provision for deferred tax | 291.04 | (319.60) | (254.18) | (129.08) | (307.94) |

**For FY 2017-18**

## 31) Employee Stock Option Plan

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,49,89,782 equity shares to employees up to 31 March 2018 (31 March 2017: 1,45,54,477 equity shares), of which 4,35,305 equity shares (31 March 2017: 4,40,284 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of each vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 62,130 (31 March 2017: 2,17,400) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| | **Grant dated 24 January 2018** | **Grant dated January 5, 2017** |
| No. of options granted | 62,130 | 2,17,400 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 506.00 | 355.10 |
| Total amount to be amortized over the vesting period (Rs. in Lakhs) | 314.38 | 771.99 |
| Charge to Statement of profit and loss for the year (Rs. in Lakhs) | 35.06 | 86.92 |
| Compensation in respect of lapsed cases (Rs. in Lakhs) # | 7.96 | 10.70 |
| Unamortized amount carried forward (Rs. in Lakhs) | 271.36 | 674.37 |

# pertaining to 1,572 (31 March 2017: 3,014) stock options forfeited/lapsed during the year.

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting date** | **Year ended 31 March 2018** | | **Year ended 31 March 2017** | |
|---|---|---|---|---|
| | **Grant dated 24 January 2018** | | **Grant dated January 5, 2017** | |
| | Expected Vesting (no. of options) | Fair Value per share (Rs.) | Expected Vesting (no. of options) | Fair Value per share (Rs.) |
| January 5, 2018 | 12473 | | 43482 | |
| January 5, 2019 | 12473 | | 43482 | |
| January 5, 2020 | 12473 | 495.92 | 43482 | 337.36 |
| January 5, 2021 | 12473 | | 43482 | |
| January 5, 2022 | 12238 | | 43482 | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| Variables # | Year ended 31 March 2018<br>Grant dated 24 January 2018 | Year ended 31 March 2017<br>Grant dated 5 January 2017 |
|---|---|---|
| 1) Risk free interest rate | 7.16% | 6.67% |
| 2) Expected life | 4.50 years | 4.70 years |
| 3) Expected volatility | 37.61% | 38.28% |
| 4) Dividend yield | 0.47% | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 508.00 | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

| Summary of Stock Options | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average exercise price (Rs.) | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 1,467,709 | 2.00 | 17,14,173 | 2.00 |
| Options granted during the year | 62,130 | 2.00 | 2,17,400 | 2.00 |
| Options forfeited/lapsed during the year | 10,547 | 2.00 | 23,580 | 2.00 |
| Options exercised during the year | 435,305 | 2.00 | 4,40,284 | 2.00 |
| Options outstanding at the end of the year | 1,083,987 | 2.00 | 14,67,709 | 2.00 |
| Options vested but not exercised at the end of the year | 189,612 | 2.00 | 2,35,038 | 2.00 |

d) Information in respect of options outstanding :

| Grant date / Exercise price | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life | No. of stock options | Weighted average remaining life |
| **Scheme 2010 :** | | | | |
| 7 February 2011 at Rs.2.00 | 12,305 | 10 months | 35,090 | 21 months |
| 25 January 2012 at Rs.2.00 | 15,512 | 19 months | 38,580 | 30 months |
| 22 July 2013 at Rs.2.00 | 9,980 | 37 months | 19,020 | 44 months |
| 21 October 2013 at Rs.2.00 | 32,203 | 27 months | 39,116 | 39 months |
| 21 October 2014 at Rs.2.00 | 739,245 | 45 months | 10,75,448 | 52 months |
| 21 October 2015 at Rs.2.00 | 31,519 | 56 months | 46,069 | 59 months |
| 5 January 2017 at Rs.2.00 | 182,665 | 62 months | 2,14,386 | 70 months |
| 24 January 2018 at Rs.2.00 | 60,558 | 70 months | - | - |
| **Total** | **10,83,987** | | **14,67,709** | |

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|
| Date of Exercise | Average share price (Rs.) | Date of Exercise | Average share price (Rs.) |
| 28 April 2017 | 334.70 | 25 April 2016 | 293.29 |
| 25 May 2017 | 301.21 | 20 May 2016 | 297.89 |
| 21 June 2017 | 349.24 | 21 June 2016 | 323.35 |
| 26 July 2017 | 396.95 | 26 July 2016 | 318.59 |
| 31 August 2017 | 428.18 | 29 August 2016 | 344.10 |

| | | | |
|---|---|---|---|
| 22 September 2017 | 416.65 | 19 September 2016 | 343.71 |
| 30 October 2017 | 426.17 | 27 October 2016 | 365.77 |
| 21 November 2017 | 433.13 | 25 November 2016 | 285.28 |
| 28 December 2017 | 469.13 | 23 December 2016 | 254.65 |
| 29 January 2018 | 483.25 | 11 January 2017 | 282.99 |
| 26 February 2018 | 446.39 | 27 January 2017 | 282.76 |
| 23 March 2018 | 424.95 | 28 February 2017 | 291.43 |
| - | - | 27 March 2017 | 321.24 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows:

**Grants covered under Scheme 2005 :**

| **Variables #** | **7-Dec-2005** | **24-Jul-2007** | **25-Mar-2008** | **18-Sep-2008** |
|---|---|---|---|---|
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 07 February 2011 | 25 January 2012 | 22 July 2013 | 21 October 2013 | 21 October 2014 | 21 October 2015 | 05 January 2017 | 24 January 2018 |
|---|---|---|---|---|---|---|---|---|
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% | 6.67% | 7.16% |
| 2) Expected life | 4.50 years | 5.50 years | 3.50 years | 3.25 years | 3.25 years | 4.50 years | 4.70 years | 4.50 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% | 38.28% | 37.61% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% | 1.12% | 0.47% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 | 357.10 | 508.00 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings per share

Earnings per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| Particulars | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 |
| Net profit after tax (Rs. in Lakhs) | 102,391.13 | 51,163.67 | 102,431.44 | 51,209.76 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 581,096,549 | 564,723,582 | 581,096,549 | 564,723,582 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 581,945,769 | 568,446,880 | 581,945,769 | 568,446,880 |
| Basic Earnings Per Share (Rs.) | 17.62 | 9.06 | 17.63 | 9.07 |
| Diluted Earnings Per Share # (Rs.) | 17.59 | 9.00 | 17.60 | 9.01 |

# Dilution in Earnings per share is on account of 32,87,993 equity shares (31 March 2017: 37,23,298 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.40.31 Lakhs (31 March 2017: Rs. 46.09 Lakhs).

**32) Loan provisions and write offs**

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended 31st March, 2016, upto the financial year ended 31st March, 2018 and these revised guidelines have been followed during the current year while making provisions for NPAs and Standard assets.

The cumulative accelerated provision made by the Company as on 31 March 2018 is Rs.69,970.22 Lakhs (31 March 2017: Rs.68,623.98 Lakhs).

The Company, during the year ended 31 March 2017, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.8,336.91 Lakhs for the year ended 31 March 2017 with a consequent impact on the profit before tax. However, during the current year, the Company has reviewed the basis of estimating provision for non-performing assets and made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

b) Provisioning on Standard Assets :
(i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, the Company has made Standard assets of provision of Rs.3208.00 Lakhs (31 March 2017: Rs. 2180.00 Lakhs) during the current year.

(ii) The total amount of provision on Standard assets as at 31 March 2018 stood at Rs. 19,423.00 Lakhs (31 March 2017: Rs.16,215.00 Lakhs, including additional provision of Rs.2034.00 lakhs).

**33)** In case of MRHFL, Standard Assets includes Rs. 2739.87 Lakhs (March 2017 Rs. 3525.23 Lakhs) towards prepaid expenses on account of unamortised discounting charges netted of from commercial paper and zero coupon bond borrowings of respective years.

The company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2018 is Rs. 1851.89 Lakhs (March 2017 is Rs. 1216.22 Lakhs).

**34) Employee Benefits :**

**Defined benefit plans – as per actuarial valuation:**

**Rs. in lakhs**

| Sr. No. | Particulars | Gratuity (Funded) | | Exigency leave (Non funded) | | Earned Leave (Non funded) | |
|---|---|---|---|---|---|---|---|
| | | As at 31 March | | As at 31 March | | As at 31 March | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **a.** | **Expense recognised in the Statement of Profit & Loss Account for the year ended** | | | | | | |
| | Current service cost | 916.83 | 487.58 | 489.75 | 110.70 | 848.67 | 649.43 |
| | Interest cost | 242.95 | 181.56 | 35.29 | 26.00 | 161.52 | 112.57 |
| | Expected return on plan assets | (194.90) | (191.15) | - | - | - | - |
| | Actuarial (gains)/losses | 2,110.08 | 799.07 | (27.97) | 17.76 | 625.72 | 304.33 |
| | Adjustment due to change in opening balance of Plan assets | (399.77) | (139.57) | - | - | - | - |
| | **Net expense** | **2,675.19** | **1,137.49** | **497.07** | **154.46** | **1,635.91** | **1,066.33** |
| **b.** | **Net asset/(liability) recognised in the Balance Sheet** | | | | | | |
| | Present value of defined benefit obligation | 6,156.58 | 3,300.68 | 976.51 | 479.45 | 3,501.45 | 2,193.89 |
| | Fair value of plan assets | 3,655.90 | 2,628.97 | - | - | - | - |
| | **Net asset/(liability)** | **(2,500.68)** | **(671.71)** | **(976.51)** | **(479.45)** | **(3,501.45)** | **(2,193.89)** |
| **c.** | **Change in fair value of defined benefit obligations during the year ended** | | | | | | |
| | Present value of defined benefit obligation at the beginning of the year | 3,300.68 | 2,269.42 | 479.44 | 324.99 | 2,193.89 | 1,407.13 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current service cost | 916.82 | 487.58 | 489.75 | 110.70 | 848.67 | 649.43 |
| | Interest cost | 242.95 | 181.56 | 35.29 | 26.00 | 161.52 | 112.57 |
| | Actuarial (gains)/losses | 1,927.24 | 620.81 | (27.97) | 17.76 | 625.72 | 304.32 |
| | Benefits paid | (231.12) | (258.69) | - | - | (328.35) | (279.56) |
| | **Present value of defined benefit obligation at the year ended** | **6,156.57** | **3,300.68** | **976.51** | **479.45** | **3,501.45** | **2,193.89** |
| **d.** | **Change in the fair value of plan assets during the year ended** | | | | | | |
| | Fair value of plan assets at the beginning of the year | 2,628.97 | 2,249.59 | - | - | - | - |
| | Expected return on plan assets | 194.90 | 191.13 | - | - | - | - |
| | Contributions by employer | 846.21 | 485.61 | - | - | - | - |
| | Actuarial (Gains)/Losses | (166.63) | (178.25) | - | - | - | - |
| | Adjustment due to change in opening balance of Plan assets | 399.76 | 139.57 | - | - | - | - |
| | Actual Benefits paid | (247.31) | (258.68) | - | - | - | - |
| | **Fair value of plan assets at the end of the year** | **3,655.90** | **2,628.97** | - | - | - | - |
| **e.** | **Major category of plan assets as a percentage of total plan** | | | | | | |
| | Funded with LIC | 100% | 100% | - | - | - | - |
| **f.** | **Actuarial Assumptions** | | | | | | |
| 1 | Discount Rate (p.a.) | 7.36% | 7.36% | 7.36% | 7.36% | 7.36% | 7.36% |
| 2 | Expected rate of return on plan assets (p.a.) | 8% | 8% | - | - | - | - |
| 3 | Rate of Salary increase (p.a.) | 5% | 5% | 5% | 5% | 5% | 5% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| **g)** | **Experience Adjustments (Gratuity)** | **As at 31 March** | | | | | |
| | | **2018** | **2017** | **2016** | **2015** | **2014** | |
| | Defined Benefit obligation at the end of the year | 6,156.57 | 3,300.68 | 2,269.42 | 1,771.78 | 1,371.09 | |
| | Plan assets at the end of the year | 3,655.90 | 2,628.97 | 2,249.59 | 1,811.28 | 1,320.08 | |
| | Funded status Surplus / (Deficit) | (2,500.67) | (671.71) | (19.83) | 39.50 | (51.01) | |
| | Experience adjustments on plan liabilities (gain) / loss | (440.36) | 392.49 | (268.25) | (190.55) | (65.61) | |
| | Experience adjustments on plan assets gain / (loss) | (182.83) | (182.48) | (41.95) | (34.22) | (25.00) | |

**35) Securitisation / assignment transactions :**

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 22694 contracts (31 March 2017: 11,489 contracts) amounting to Rs.55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) for a consideration of Rs 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) and de-recognised the assets from the books.

b) In terms of the accounting policy stated in 2.5(a), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

c) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.14,032.87 Lakhs (31 March 2017: Rs.11,500.70 Lakhs).

d) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lakhs**

| S No. | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 14 | 17 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 75726.36 | 81804.49 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss-<br>Credit enhancement in form of corporate undertaking | 22336.29 | 21037.84 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss-<br>Cash collateral term deposits with banks | 3200.00 | 16958.00 |
| | Others-<br>Retained interest in pass through certificates (excluding accrued interest) | 36.12 | 151.77 |
| 4 | Amount of exposures to securitisation transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | - | - |
| | (ii) Exposure to third party securitisations | | |

| | | | |
|---|---|---|---|
| | First loss | - | - |
| | Others: Excess Interest Spread | 15046.45 | 21053.50 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others-<br>Cash collateral term deposits with banks | - | 1856.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**36) Secured long-term borrowings** :

i) **Secured non-convertible debentures**

**As at March 31, 2018**

**Rs. in Lakhs**

| **From the Balance Sheet date** | **Rate range** | **(a) Non-current** | **(b) Current Maturities of long term debt** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.27% - 9.00% | 186,500.00 | - | 186,500.00 |
| Maturing between 3 years to 5 years | 7.50% - 8.95% | 84,700.00 | - | 84,700.00 |
| Maturing between 1 year to 3 years | 7.29% - 9.45 % | 966,210.00 | - | 966,210.00 |
| Maturing within 1 year | 7.53% - 10.25% | - | 511,550.00 | 511,550.00 |
| **TOTAL AT FACE VALUE** | | **1,237,410.00** | **511,550.00** | **1,748,960.00** |
| **Less: Unamortised discounting charges** | | 8,721.54 | 337.59 | 9,059.13 |
| **Total redemption value, net of unamortized discounting charges** | | **1,228,688.46** | **511,212.41** | **1,739,900.87** |

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.30% - 9.00% | 1,90,200.00 | - | 1,90,200.00 |
| Maturing between 3 years to 5 years | 7.50% - 8.82% | 1,54,130.00 | - | 1,54,130.00 |
| Maturing between 1 year to 3 years | 7.43% - 10.25% | 8,79,350.00 | - | 8,79,350.00 |
| Maturing within 1 year | 7.38% - 9.45% | - | 2,43,380.00 | 2,43,380.00 |
| **TOTAL AT FACE VALUE** | | **12,23,680.00** | **2,43,380.00** | **14,67,060.00** |
| **Less: Unamortised discounting charges** | | 7,413.27 | 1,617.47 | 9,030.74 |
| **Total redemption value, net of unamortized discounting charges** | | **1,216,266.73** | **241,762.53** | **1,458,029.26** |

ii) **Secured term loans from banks :**

**As at March 31, 2018 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 7.90%-8.75% | 40,000.00 | - | 40,000.00 |
| Maturing between 1 year to 3 years | 7.85%-8.75% | 117,500.00 | - | 117,500.00 |
| Maturing within 1 year | 8.00%-8.45% | - | 50,000.00 | 50,000.00 |
| **Total for repayable on maturity** | | **157,500.00** | **50,000.00** | **207,500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Monthly -** | | | | |
| Maturing between 1 year to 3 years | 7.85% | 10,000.00 | - | 10,000.00 |

| | | | | |
|---|---|---|---|---|
| **Total** | | **10,000.00** | **-** | **10,000.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 7.90%-8.35% | 55,952.38 | - | 55,952.38 |
| Maturing between 1 year to 3 years | 7.90%-8.35% | 122,162.70 | - | 122,162.70 |
| Maturing within 1 year | 8.10%-8.35% | - | 86,071.43 | 86,071.43 |
| **Total** | | **178,115.08** | **86,071.43** | **264,186.51** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 8.15%-8.45% | 118,333.33 | - | 118,333.33 |
| Maturing between 1 year to 3 years | 7.45%-8.45% | 235,000.00 | - | 235,000.00 |
| Maturing within 1 year | 7.45%-8.50% | - | 43,333.34 | 43,333.34 |
| **Total** | | **353,333.33** | **43,333.34** | **396,666.67** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 7.90%-8.45% | 79,650.00 | - | 79,650.00 |
| Maturing between 1 year to 3 years | 7.90%-9.34% | 186,866.67 | - | 186,866.67 |
| Maturing within 1 year | 8.05%-9.34% | - | 133,967.33 | 133,967.33 |
| **Total** | | **266,516.67** | **133,967.33** | **400,484.00** |
| **Total for repayable in installments** | | **807,965.08** | **263,372.10** | **1,071,337.18** |
| **TOTAL ( 1+2 )** | | **965,465.08** | **313,372.10** | **1,278,837.18** |

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 8.40% - 8.75% | 25,000.00 | - | 25,000.00 |
| Maturing between 1 year to 3 years | 8.05% - 9.70% | 1,04,000.00 | - | 1,04,000.00 |
| Maturing within 1 year | 8.55% - 9.70% | - | 80,000.00 | 80,000.00 |
| **Total for repayable on maturity** | | **1,29,000.00** | **80,000.00** | **2,09,000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 8.15% - 8.90% | 18,055.56 | - | 18,055.56 |
| Maturing between 1 year to 3 years | 8.15% - 9.35% | 84,464.28 | - | 84,464.28 |
| Maturing within 1 year | 8.15% - 9.65% | - | 89,774.44 | 89,774.44 |
| **Total** | | **1,02,519.84** | **89,774.44** | **1,92,294.28** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 8.30% - 9.05% | 31,666.67 | - | 31,666.67 |
| Maturing between 1 year to 3 years | 8.30% - 9.70% | 1,27,666.66 | - | 1,27,666.67 |
| Maturing within 1 year | 8.50% - 9.70% | - | 81,000.00 | 81,000.00 |
| **Total** | | **1,59,333.33** | **81,000.00** | **2,40,333.33** |
| **iii) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 9.30%-9.70% | 67,966.67 | - | 67,966.67 |
| Maturing between 1 year to 3 years | 8.45%-9.70% | 1,97,517.00 | - | 1,97,517.00 |
| Maturing within 1 year | 8.45%-9.70% | - | 57,383.34 | 57,383.34 |
| **Total** | | **2,65,483.67** | **57,383.34** | **3,22,867.01** |
| **Total for repayable in installments** | | **5,27,336.84** | **2,28,157.78** | **7,55,494.62** |
| **TOTAL ( 1+2 )** | | **6,56,336.84** | **3,08,157.78** | **9,64,494.62** |

iii) **Secured term loans from others :**

**As on 31st March, 2018** **(Rs. In Lakhs)**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 3 years to 5 years | 8.80% | 378.00 | - | 378.00 |
| Maturity between 1 year to 3 years | 7.95%-9.05% | 3,637.20 | - | 3,637.20 |
| Maturity within 1 year | 7.95%-9.05% | - | 3,635.99 | 3,635.99 |
| **Total for repayable on maturity** | | **4,015.20** | **3,635.99** | **7,651.19** |

**As on 31st March, 2017** **(Rs. In Lakhs)**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 3 years to 5 years | 7.65%-9.30% | 2,054.80 | - | 2,054.80 |
| Maturity between 1 year to 3 years | 7.65%-9.30% | 6,339.39 | - | 6,339.39 |
| Maturity within 1 year | 7.65%-9.70% | - | 5,311.81 | 5,311.81 |
| **Total for repayable on maturity** | | **8,394.19** | **5,311.81** | **13,706.00** |

iv) **Foreign currency loans from others**

**As on 31st March, 2018**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99%-4.22% | 4,861.59 | - | 4,861.59 |
| Maturity between 3 years to 5 years | 1.99%-4.22% | 34,147.62 | - | 34,147.62 |
| Maturity between 1 year to 3 years | 1.99%-4.22% | 83,363.38 | - | 83,363.38 |
| Maturity within 1 year | 1.99%-4.22% | - | 67,913.17 | 67,913.17 |
| **Total** | | **122,372.59** | **67,913.17** | **190,285.76** |

**As on 31st March, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 4.01% | 7,658.73 | - | 7,658.73 |
| Maturity between 3 years to 5 years | 1.99% - 4.01% | 30,360.60 | - | 30,360.60 |
| Maturity between 1 year to 3 years | 1.99% - 4.01% | 80,277.23 | - | 80,277.23 |
| Maturity within 1 year | 1.41% - 4.01% | - | 62,270.65 | 62,270.65 |
| **Total** | | **1,18,296.56** | **62,270.65** | **1,80,567.21** |

v) **Foreign currency loans from banks**

**As at March 31, 2018**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBORplusspread 0.86%-1.92%andfixedrateof3.31% | 59,616.55 | - | 59,616.55 |
| Maturing within 1 year | LIBORplusspread 2.00%-2.20% | - | 47,602.92 | 47,602.92 |
| **TOTAL** | | **59,616.55** | **47,602.92** | **107,219.47** |

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 47,460.87 | | 47,460.87 |
| Maturing within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 52,099.08 | 52,099.08 |
| **TOTAL** | | **47,460.87** | **52,099.08** | **99,559.95** |

**37) Unsecured borrowings** :

**i) Subordinated debts (long-term)**

**As at March 31, 2018**

**Issued on private placement basis -**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.40%-9.70% | 74,780.00 | - | 74,780.00 |
| Maturing between 3 years to 5 years | 9.80%-10.50% | 17,050.00 | - | 17,050.00 |
| Maturing between 1 year to 3 years | 9.50%-10.02% | 41,720.00 | - | 41,720.00 |
| Maturing within 1 year | 11.75% | - | 980.00 | 980.00 |
| **TOTAL A** | | **133,550.00** | **980.00** | **134,530.00** |

**Issued to retail investors through public issue -**

**Rs. in lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 7.75%-9.00% | 209,587.35 | - | 209,587.35 |
| Maturing between 3 years to 5 years | 8.34%-8.70% | 5,465.78 | - | 5,465.78 |
| **TOTAL B** | | **215,053.13** | **-** | **215,053.13** |
| **TOTAL (A+B)** | | **348,603.13** | **980.00** | **349,583.13** |

**As at March 31, 2017**

**Issued on private placement basis -**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 10.15% | 72,280.00 | - | 72,280.00 |
| Maturing between 3 years to 5 years | 9.50% - 10.50% | 37,270.00 | - | 37,270.00 |
| Maturing between 1 year to 3 years | 9.85% - 11.75% | 15,480.00 | - | 15,480.00 |
| Maturing within 1 year | 10.50% - 12.00% | - | 6,880.00 | 6,880.00 |
| **TOTAL A** | | **125,030.00** | **6,880.00** | **131,910.00** |

**Issued to retail investors through public issue -**

**Rs. in lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities of long term debt | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.44% - 9.00% | 94,534.22 | - | 94,534.22 |
| Maturing between 3 years to 5 years | 8.34% - 8.70% | 5,465.78 | - | 5,465.78 |
| **TOTAL B** | | **100,000.00** | **-** | **100,000.00** |
| **TOTAL (A+B)** | | **225,030.00** | **6,880.00** | **231,910.00** |

**ii) Unsecured term loan from banks – (short-term)**

**As at March 31, 2018 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Short term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 7.76% | 10,000.00 | 10,000.00 |
| **TOTAL** | | **10,000.00** | **10,000.00** |

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Short term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 7.50% - 8.00% | 7,400.00 | 7,400.00 |
| **TOTAL** | | **7,400.00** | **7,400.00** |

**iii) Inter corporate deposits – (short-term)**

**As at March 31, 2018**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Short Term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 6.50% - 8.65% | 60,000.00 | 60,000.00 |
| **TOTAL** | | **60,000.00** | **60,000.00** |

**As at March 31, 2017**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Short Term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 7.60% - 9.80% | 65,000.00 | 65,000.00 |
| **TOTAL** | | **65,000.00** | **65,000.00** |

### iv) Fixed deposits

**As at March 31, 2018**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | (b) Non-current | (c) Current Maturities of long term debt | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 7.35%-8.80% | - | 24,058.99 | - | 24,058.99 |
| Maturing between 1 year to 3 years | 7.30%-10.10% | - | 136,677.52 | - | 136,677.52 |
| Maturing within 1 year | 7.30%-10.10% | 26,106.58 | - | 119,619.04 | 145,725.62 |
| **TOTAL** | | **26,106.58** | **160,736.51** | **119,619.04** | **306,462.13** |

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | (b) Non-current | (c) Current Maturities of long term debt | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 7.35% - 10.10% | - | 31,748.40 | - | 31,748.40 |
| Maturing between 1 year to 3 years | 7.35% - 10.10% | - | 1,87,545.45 | - | 191,170.45 |
| Maturing within 1 year | 7.30% - 10.60% | 24,311.71 | - | 1,82,750.58 | 2,07,062.29 |
| **TOTAL** | | **24,311.71** | **219,293.85** | **182,750.58** | **426,356.14** |

## 38) Short – term borrowings

### i) Secured term loans from banks and cash credit facilities

**As at March 31, 2018**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90%-10.25% | 114,285.08 |
| **TOTAL** | | **114,285.08** |

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90% -12.35% | 1,59,119.35 |
| **TOTAL** | | **1,59,119.35** |

**ii) Foreign currency loans from others (secured)**

**As on 31st March, 2018**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 2.28% | 109,429.15 |
| **TOTAL** | | **109,429.15** |

**As on 31st March, 2017**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 1.41% | 80,431.74 |
| **TOTAL** | | **80,431.74** |

**iii) Commercial papers**

**As at March 31, 2018 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Current |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.20%-7.90% | 463,500.00 |

| | | |
|---|---|---|
| **TOTAL AT FACE VALUE** | | **463,500.00** |
| **Less: Unamortised discounting charges** | | 6,133.57 |
| **Total redemption value, net of unamortized discounting charges** | | **4,57,366.43** |

**As at March 31, 2017 :**

**Rs. in Lakhs**

| **From the Balance Sheet date** | **Rate range** | **Current** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 6.65% - 7.60% | 3,85,500.00 |
| **TOTAL AT FACE VALUE** | | **3,85,500.00** |
| **Less: Unamortised discounting charges** | | 7,698.08 |
| **Total redemption value, net of unamortized discounting charges** | | **3,77,801.92** |

**39) MICRO AND SMALL ENTERPRISES:**

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSE as at March 31, 2018.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

**Rs. in Lakhs**

| | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| a) Principal amount due and remaining unpaid to suppliers as at the year end | - | - |
| b) Interest accrued and due to suppliers on the above amount as at the year end | - | - |
| c) Interest paid to suppliers in terms of Section 16 of the MSMED Act | - | - |
| d) Payment made to suppliers (other than interest) beyond the appointed day, during the year | - | - |
| e) Interest paid to suppliers (other than Section 16 of the MSMED Act) | - | - |

| | | |
|---|---|---|
| f) Interest due and payable to suppliers for payments already made (for the period of delay, if any) | - | - |
| g) Interest accrued and remaining unpaid at the year end | - | - |
| h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | - | - |

**40) Corporate Social Responsibility (CSR)**

During the year, the Company has incurred an expenditure of Rs.2981.97 Lakhs (31 March 2017 : Rs. 3220.70 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.145.99 Lakhs (31 March 2017 : Rs. 141.87 Lakhs) towards the CSR activities undertaken by the Company (refer note 28).

Detail of amount spent towards CSR activities during the year:

a) Gross amount required to be spent by the Company during the year is Rs. 3127.96 lakhs (Previous year: Rs. 3362.57 lakhs).

b) Amount spent by the Company during the year -

| Particulars | For the year ended 31 March 2018 | | | For the year ended 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | In cash | Yet to be paid in cash | Total | In cash | Yet to be paid in cash | Total |
| i) Construction / acquisition of any asset | - | - | - | - | - | - |
| ii) On purpose other than (i) above | 3,127.96 | - | 3,127.96 | 3,362.57 | - | 3,362.57 |

In addition to amount spent as per point (b) above, the Company has also spent Rs.12.25 lakhs as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013 and considering this salary cost, the total amount spent by the Company during the year stood at Rs. 3,140.21 lakhs.

**41) Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's)**

During the year, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of the face value of Rs.1,000.00 each. The NCD's were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCD's issue expenses of Rs.1215.07 lakhs (net of taxes) has been adjusted against securities premium reserve as per the

accounting policy. The total amount of NCDs outstanding as at 31 March 2018 were Rs. 2,15,053.13 lakhs, including the amount of fresh issuance during the year.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 5,053.12 Lakhs (31 March 2017: Rs.2649.86 lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2018, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

**42)** The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

**43)** The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. 17/05/2016 for next 3 years.

**44) Disclosure on Derivatives :**

The Company has outstanding foreign currency non-repatriable loans of US $ 1648.41 Lakhs (31 March 2017: US $ 1535.23 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on 31 March 2018.

During the year 2016-17, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from 1 April 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at 1April 2016. Loss of Rs. 2182.88 lakhs (31 March 2017: Rs. 2365.54 Lakhs) is charged to Statement of profit and loss for the year ended 31 March 2018.

**Exposures in foreign currency:**

| | As at 31 March 2018 | | | | As at 31 March 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange Rate | Amount in Foreign currency (USD Lakhs) | Amount in INR (Lakhs) | Foreign Currency | Exchange Rate | Amount in Foreign currency (USD Lakhs) | Amount in INR (Lakhs) |
| **I. Assets** | | | | | | | | |
| Receivables (trade & other) | - | - | - | - | - | - | - | - |
| Other Monetary assets (e.g. ICDs/Loans given in FC) | - | - | - | - | - | - | - | - |
| Total Receivables (A) | - | - | - | - | - | - | - | - |
| Hedges by derivative | - | - | - | - | - | - | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| contracts (B) | | | | | | | | |
| Unhedged receivables (C = A - B) | - | - | - | - | - | - | - | - |
| **II. Liabilities** | | | | | | | | |
| Payables (trade & other) | - | - | - | - | - | - | - | - |
| Borrowings (ECB and Others) | **USD** | **65.04** | **1,648.41** | **107,219.47** | USD | 64.85 | 1,535.23 | 99,559.95 |
| Total Payables (D) | - | - | **1,648.41** | **107,219.47** | - | - | 1,535.23 | 99,559.95 |
| Hedges by derivative contracts ( E) | - | - | **1,648.41** | **107,219.47** | - | - | 1,535.23 | 99,559.95 |
| Unhedged Payables (F = D - E) | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| | | | | | | | | |

**45)** There were 143 cases (31 March 2017: 176 cases) of frauds amounting to Rs.230.08 Lakhs (31 March 2017: Rs 397.06 Lakhs) reported during the year. The Company has recovered an amount of Rs.77.60 Lakhs (31 March 2017: Rs 125.98 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**46)** During the previous year, the Company had made a contribution of Rs.160.00 lakhs to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. However, there were no such contribution made during the current year.

**47)** The disclosures regarding details of Specified Bank Notes (SBNs) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding disclosure as required under notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been reproduced here below.

**Rs. in Lakhs**

| | **SBNs** | **Other Denomination notes** | **Total** |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | **3727.31** | **313.70** | **4041.01** |
| Add : Permitted Receipts # | 11.36 | 89080.59 | 89091.95 |
| Less : Permitted Payments | - | 17.38 | 17.38 |
| Less : Amount deposited in Banks | 3738.67 | 86659.31 | 90397.98 |
| **Closing cash in hand as on December 30, 2016** | **-** | **2717.60** | **2717.60** |

# includes non-permitted receipts of SBNs aggregating to Rs.10.78 Lakhs received from customers and directly deposited by customers into Company's bank accounts from November 9, 2016 to November 11, 2016.

**48) Related Party Disclosures:**

**i) As per Accounting Standard (AS) 18 on "Related Party Disclosures", the related parties of the Company are as follows:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Fellow subsidiary Companies:**<br>(entities with whom the Company has transactions) | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc<br>NBS International Limited<br>Mahindra First Choice Wheels Limited<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Private Limited<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Limited<br>Mahindra Construction Co. Ltd.<br>Tech Mahindra Limited<br>Bristlecone India Limited<br>Mahindra Heavy Engines Limited<br>Orizonte Business Solutions Limited<br>Gromax Agri Equipment Limited |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| (where there are transactions) | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |
| | Ms. Girija Subramanium |

Rs. in lakhs

## 48 Related party disclosures: *(Continued)*

**ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:**

| Particulars | Holding Company | | Fellow Subsidiaries / Associate Companies / Associate Joint Ventures | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| **Loan income** | | | | | | | | |
| - 2 x 2 Logistics Private Limited | - | - | 86.34 | 222.03 | - | - | - | - |
| - Mahindra Retail Private Limited | - | - | - | 0.46 | - | - | - | - |
| **Subvention / Disposal loss income** | | | | | | | | |
| - Mahindra & Mahindra Limited | 6,771.00 | 3,786.03 | - | - | - | - | - | - |
| - Gromax Agri Equipment Limited | - | - | 1.51 | - | - | - | - | - |
| **Interest income** | | | | | | | | |
| - NBS International Limited | - | - | 0.97 | 3.91 | - | - | - | - |
| **Interest expense** | | | | | | | | |
| - Mahindra & Mahindra Limited | 1,273.57 | 1,638.56 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | 1,162.07 | 190.68 | - | - | - | - |
| - Mr Ramesh Iyer | - | - | - | - | 4.78 | 4.85 | - | - |
| - Others | - | - | - | - | - | - | 14.56 | 14.39 |
| **Other expenses** | | | | | | | | |
| - Mahindra & Mahindra Limited | 2,839.74 | 2,666.92 | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | 980.63 | 1,056.10 | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | 96.26 | - | - | - | - |
| - Mahindra Vehicle Manufacturers Limited | - | - | 109.52 | 79.11 | - | - | - | - |
| - Mahindra USA, Inc | - | - | 178.38 | 184.15 | - | - | - | - |
| - Mahindra Integrated Business Solutions Limited | - | - | 448.29 | 102.55 | - | - | - | - |
| - Others | - | - | 107.75 | 185.99 | - | - | - | - |
| **Remuneration** | | | | | | | | |
| - Mr Ramesh Iyer | - | - | - | - | 596.79 | 674.59 | - | - |
| **Purchase of fixed assets** | | | | | | | | |
| - Mahindra & Mahindra Limited | 313.09 | 281.52 | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | 67.90 | - | - | - | - | - |
| - NBS International Limited | - | - | 20.71 | 14.25 | - | - | - | - |
| **Sale of fixed assets** | | | | | | | | |
| - Mahindra & Mahindra Limited | 21.14 | - | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | 49.55 | - | - | - | - | - |
| **Investments made** | | | | | | | | |
| - Orizonte Business Solutions Limited | - | - | 700.00 | - | - | - | - | - |
| **Fixed deposits taken** | | | | | | | | |
| - Mr Ramesh Iyer | - | - | - | - | 61.48 | 17.07 | - | - |
| - Others | - | - | - | - | - | - | 193.61 | 1.00 |
| **Fixed deposits matured** | | | | | | | | |
| - Mr Ramesh Iyer | - | - | - | - | 55.01 | - | - | - |
| - Others | - | - | - | - | - | - | 180.74 | - |
| **Dividend paid** | | | | | | | | |
| - Mahindra & Mahindra Limited | 6,988.98 | 11,648.31 | - | - | - | - | - | - |
| - Mr Ramesh Iyer | - | - | - | - | 17.84 | 25.46 | - | - |
| **Inter corporate deposits taken** | | | | | | | | |
| - Mahindra & Mahindra Limited | 45,000.00 | 50,000.00 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | 10,000.00 | 30,000.00 | - | - | - | - |
| **Inter corporate deposits repaid / matured** | | | | | | | | |
| - Mahindra & Mahindra Limited | 25,000.00 | 55,000.00 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | 30,000.00 | - | - | - | - | - |
| **Issue of Share Capital** | | | | | | | | |
| - Mahindra & Mahindra Limited | 105,500.00 | - | - | - | - | - | - | - |

Rs. in lakhs

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Balances as at the end of the period** | | | | | | | | |
| **Receivables** | | | | | | | | |
| - Mahindra & Mahindra Limited | 1,451.26 | - | - | - | - | - | - | - |
| - NBS International Limited | - | - | - | 78.07 | - | - | - | - |
| **Loan given (including interest accrued but not due)** | | | | | | | | |
| - 2 x 2 Logistics Private Limited | - | - | - | 2,114.46 | - | - | - | - |
| - Mahindra Construction Co. Ltd. | - | - | - | 334.33 | - | - | - | - |
| **Inter corporate deposits given (including interest accrued but not due)** | | | | | | | | |
| - Mahindra Construction Co. Ltd. | - | - | - | 113.38 | - | - | - | - |
| **Investments** | | | | | | | | |
| - Orizonte Business Solutions Limited | - | - | 700.00 | - | - | - | - | - |
| **Payables** | | | | | | | | |
| - Mahindra & Mahindra Limited | - | 1,081.85 | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | 339.52 | 283.38 | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | 96.26 | - | - | - | - |
| - Mahindra USA, Inc | - | - | 192.38 | - | - | - | - | - |
| - Others | - | - | 75.00 | 26.66 | - | - | - | - |
| **Inter corporate deposits taken (including interest accrued but not due)** | | | | | | | | |
| - Mahindra & Mahindra Limited | 45,580.58 | 25,260.01 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | 10,375.48 | 30,171.61 | - | - | - | - |
| **Fixed deposits (including interest accrued but not due)** | | | | | | | | |
| - Mr Ramesh Iyer | - | - | - | - | 63.30 | 57.72 | - | - |
| - Others | - | - | - | - | - | - | 201.03 | 187.87 |

Key Management Personnel as defined in Accounting Standard 18

**iii) Disclosure required under Section 186 (4) of the Companies Act, 2013**

**As at 31 March 2018**

| **Particulars** | **Balance as on 1 April 2017** | **Advances / investments** | **Repayments/ sale** | **Balance as on 31 March 2018** |
|---|---|---|---|---|
| **(A) Loans and advances** | | | | |
| 2 x 2 Logistics Pvt Ltd | 2,114.46 | - | 2,114.46 | - |
| | 2,114.46 | - | 2,114.46 | - |
| **(B) Investments** | | | | |
| Orizonte Business Solutions Limited | - | 700.00 | - | **700.00** |
| | - | 700.00 | - | **700.00** |
| **Total** | 2,114.46 | 700.00 | 2,114.46 | **700.00** |

**Notes :**

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

**As at 31 March 2017**

| **Particulars** | **Balance as on 1 April 2016** | **Advances / investments** | **Repayments/ sale** | **Balance as on 31 March 2017** |
|---|---|---|---|---|
| **(A) Loans and advances** | | | | |
| Mahindra Retail Pvt Ltd | 4.90 | 0.00 | 4.90 | 0.00 |
| 2 x 2 Logistics Pvt Ltd | 1865.14 | 674.00 | 424.68 | 2114.46 |
| **Total** | **1,870.04** | **674.00** | **429.58** | **2,114.46** |

**Notes :**

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

**49) Contingent liabilities and commitments (to the extent not provided for)**

Rs. in Lakhs

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Contingent liabilities** | | |
| a) Claims against the Company not acknowledged as debts | 15,080.71 | 15,868.83 |
| b) Guarantees | 23,249.37 | 21,037.84 |
| | **38,330.08** | **36,906.67** |
| **Commitments** | | |
| a) Estimated amount of contracts remaining to be executed on capital account | 1,032.26 | 716.72 |
| b) Other commitments - (loan sanctioned but not disbursed) | 87,026.20 | 27,585.74 |
| | **88,058.46** | **28,302.46** |
| **Total** | **126,388.54** | **65,209.13** |

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

**50)** Segment information as per Accounting Standard 17:

**Primary segment (Business Segment)**
The Company's business is organised and management reviews the performance based on the business segments as mentioned below:

| Segment | Activities covered |
|---|---|
| Financing activities | Financing and leasing of automobiles, tractors, commercial vehicles and housing |
| Other reconciling items | Insurance broking, asset management services and trusteeship services |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a

systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

**Secondary segment (Geographical Segment)**
Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Accounting Standard - 17 on Segment Reporting:

**Rs. in Lakhs**

| Particulars | Year ended 31st March 2018 | | | Year ended 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | **Financing activities** | **Other reconciling items** | **Total** | **Financing activities** | **Other reconciling items** | **Total** |
| External revenue | 840,954.88 | 21,468.51 | 862,423.39 | 706,753.70 | 13,311.38 | 720,065.08 |
| Inter segment revenue | 3,909.52 | 5,391.09 | 9,300.61 | 2,158.57 | 4,992.17 | 7,150.74 |
| **Total revenue** | **844,864.40** | **26,859.60** | **871,724.00** | **708,912.27** | **18,303.55** | **727,215.82** |
| Segment results (Profit before tax and after interest on financing segment) | 161,866.41 | 4,307.24 | 166,173.65 | 77,670.60 | 6,104.85 | 83,775.45 |
| Less: Interest on unallocated reconciling items | - | - | - | - | - | - |
| **Net Profit before tax** | **161,866.41** | **4,307.24** | **166,173.65** | **77,670.60** | **6,104.85** | **83,775.45** |
| Less: Income taxes | - | - | 61,030.27 | - | - | 30,805.47 |
| **Net profit** | **-** | **-** | **105,143.38** | **-** | **-** | **52,969.98** |
| **Other information:** | | | | | | |
| Segment assets | 6,241,151.86 | 9,137.62 | 6,250,289.48 | 5,224,015.72 | 5,166.72 | 5,229,182.44 |
| Unallocated corporate assets | | | 103,557.32 | | | 93,109.88 |
| **Total assets** | **6,241,151.86** | **9,137.62** | **6,353,846.80** | **5,224,015.72** | **5,166.72** | **5,322,292.32** |
| Segment liabilities | 5,339,668.99 | 8,272.56 | 5,347,941.55 | 4,613,600.33 | 2,696.33 | 4,616,296.66 |
| Unallocated corporate liabilities | - | - | - | - | - | - |
| **Total liabilities** | **5,339,668.99** | **8,272.56** | **5,347,941.55** | **4,613,600.33** | **2,696.33** | **4,616,296.66** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Capital expenditure | 6,927.18 | 561.19 | 7,488.37 | 5,538.06 | 377.00 | 5,915.06 |
| Depreciation / amortization | 5,203.16 | 317.98 | 5,521.14 | 5,130.18 | 242.14 | 5,372.32 |
| Non cash expenditure other than depreciation | 24,995.46 | 83.98 | 25,079.44 | 53,593.42 | 123.15 | 53,716.57 |

**51)** Disclosure required under Schedule III of Companies Act, 2013

Rs. in Lakhs

| **Name of Entity** | **Net Assets** | | **Share in profit or loss** | |
|---|---|---|---|---|
| | **As % of Consolidated net assets** | **Amount** | **As % of Consolidated profit or loss** | **Amount** |
| **Parent :** | | | | |
| Mahindra & Mahindra Financial Services Limited | 93.50% | 940,488.94 | 81.91% | 86,121.61 |
| | | | | |
| **Subsidiaries :** | | | | |
| **a) Indian** | | | | |
| 1. Mahindra Insurance Brokers Limited | 1.90% | 19,092.95 | 4.07% | 4,282.65 |
| 2. Mahindra Rural Housing Finance Limited | 2.78% | 27,970.92 | 12.10% | 12,727.64 |
| 3. Mahindra Asset Management Company Private Limited | -0.66% | -6,677.76 | -3.62% | -3,809.74 |
| 4. Mahindra Trustee Company Private Limited | 0.00% | -27.46 | 0.00% | 0.35 |
| | | | | |
| **b) Foreign** | | | | |
| Minority Interests in all Subsidiaries | 1.43% | 14,384.32 | 2.62% | 2,752.25 |
| **Joint Ventures (as per proportionate consolidation / investment as per the equity method :** | | | | |
| **a) Indian** | - | - | - | - |
| **b) Foreign** | | | | |
| Mahindra Finance USA, LLC | 1.06% | 10,673.34 | 2.92% | 3,068.62 |
| **TOTAL** | 100.00% | 1,005,905.25 | 100.00% | 105,143.38 |

**52)** The Board of Directors of the Company, at its meeting held on 1 November 2017, and special resolution passed by the members at the Extraordinary General Meeting held on 29 November 2017 had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company has raised funds amounting to Rs. 211100.00 lakhs through allotment of fresh equity shares as per details provided below :

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.105500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.105600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 210120.00 lakhs.

**53) Leases**

In the cases where assets are given on operating lease (as lessor), the total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

| Particulars | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| **i) New vehicles to retail customers on operating lease -** | | |
| Not later than one year | 3.87 | - |
| Later than one year but not later than five years | 2.39 | - |
| Later than five years | - | - |
| | **6.26** | - |
| **ii) Used and refurbished vehicles to travel operators / taxi aggregators -** | 2.53 | - |
| Not later than one year | - | - |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |
| | **2.53** | - |

**54)** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

**55)** Previous year figures have been regrouped / reclassified wherever found necessary.

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**For FY 2016-17**

**31) Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,45,54,477 equity shares to employees up to March 31, 2017 (March 31, 2016 : 1,41,14,193 equity shares), of which 4,40,284 equity shares (March 31, 2016 : 4,60,707 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of each vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 2,17,400 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated January 5, 2017** |
|---|---|
| No. of options granted | 217400 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 355.10 |
| Total amount to be amortized over the vesting period (Rs. in Lakhs) | 771.99 |
| Charge to Statement of profit and loss for the year (Rs. in Lakhs) | 86.92 |
| Compensation in respect of lapsed cases (Rs. in Lakhs) | 10.70 |
| Unamortized amount carried forward (Rs. in Lakhs) | 674.37 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting date** | **Grant dated January 5, 2017** | |
|---|---|---|
| | Expected Vesting (No. of options) | Fair Value (Rs.) per share |
| January 5, 2018 | 43482 | 337.36 |
| January 5, 2019 | 43482 | |
| January 5, 2020 | 43482 | |
| January 5, 2021 | 43482 | |
| January 5, 2022 | 43472 | |
| | **217400** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables #** | **Grant dated January 5, 2017** |
|---|---|
| 1) Risk free interest rate | 6.67% |
| 2) Expected life | 4.70 years |
| 3) Expected volatility | 38.28% |

| | |
|---|---|
| 4) Dividend yield | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

| Summary of Stock Options | As at / Year ended March 31 | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | No. of stock options | Weighted average exercise price (Rs.) | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 17,14,173 | 2.00 | 21,22,955 | 2.00 |
| Options granted during the year | 2,17,400 | 2.00 | 57,920 | 2.00 |
| Options forfeited/lapsed during the year # | 23,580 | 2.00 | 5,995 | 2.00 |
| Options exercised during the year | 4,40,284 | 2.00 | 4,60,707 | 2.00 |
| Options outstanding at the end of the year | 14,67,709 | 2.00 | 17,14,173 | 2.00 |
| Options vested but not exercised at the end of the year | 2,35,038 | 2.00 | 2,87,526 | 2.00 |

# including 3014 (March 31, 2016: Nil) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

| Grant date / Exercise price | As at March 31 | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | No. of stock options | Weighted average remaining life | No. of stock options | Weighted average remaining life |
| **Scheme 2010 :** | | | | |
| February 07, 2011 at Rs.2.00 | 35,090 | 21 months | 1,44,188 | 34 months |
| January 25, 2012 at Rs.2.00 | 38,580 | 30 months | 62,830 | 41 months |
| July 22, 2013 at Rs.2.00 | 19,020 | 44 months | 28,878 | 52 months |
| October 21, 2013 at Rs.2.00 | 39,116 | 39 months | 41,365 | 51 months |
| October 21, 2014 at Rs.2.00 # | 10,75,448 | 52 months | 13,78,992 | 59 months |
| October 21, 2015 at Rs.2.00 | 46,069 | 59 months | 57,920 | 68 months |
| October 21, 2015 at Rs.2.00 | 2,14,386 | 70 months | - | - |
| **Total** | **14,67,709** | | **17,14,173** | |

# net of 3014 (March 2016: Nil) options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option
are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| 25-Apr-16 | 293.29 |
| 20-May-16 | 297.89 |
| 21-Jun-16 | 323.35 |
| 26-Jul-16 | 318.59 |
| 29-Aug-16 | 344.10 |
| 19-Sep-16 | 343.71 |

| | |
|---|---|
| 27-Oct-16 | 365.77 |
| 25-Nov-16 | 285.28 |
| 23-Dec-16 | 254.65 |
| 11-Jan-17 | 282.99 |
| 27-Jan-17 | 282.76 |
| 28-Feb-17 | 291.43 |
| 27-Mar-17 | 321.24 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows:

**Grants covered under Scheme 2005 :**

| **Variables #** | **7-Dec-2005** | **24-Jul-2007** | **25-Mar-2008** | **18-Sep-2008** |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.
* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 | 21-Oct-2014 | 21-Oct-2015 | 05-Jan-2017 |
|---|---|---|---|---|---|---|---|
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% | 6.67% |
| 2) Expected life | 4.5 years | 5.5years | 3.5 years | 3.25 years | 3.25 years | 4.50 years | 4.70 Years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% | 38.28% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings per share

Earnings per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:\

| Particulars | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| Net profit after tax (Rs. in Lakhs) | 51,163.67 | 77,229.36 | 51,209.76 | 77,306.49 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 564723582 | 564278639 | 564723582 | 564278639 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568446880 | 568442221 | 568446880 | 568442221 |

| | | | | |
|---|---|---|---|---|
| Basic Earnings Per Share (Rs.) | 9.06 | 13.69 | 9.07 | 13.70 |
| Diluted Earnings Per Share # (Rs.) | 9.00 | 13.58 | 9.01 | 13.60 |

# Dilution in Earnings per share is on account of 37,23,298 equity shares (March 2016 : 41,63,582 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 46.09 Lakhs (March 2016 : Rs. 77.13 Lakhs).

**32) Loan provisions and write offs**

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accerelated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.

The cumulative accelerated provision made by the Company as on March 31, 2017 is Rs.68623.98 Lakhs (March 31, 2016 : Rs. 73567.48 Lakhs)

b) Provision for Standard assets :
(i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to increase the general provision on the Standard assets in a phased manner commencing from the financial year ended March 31, 2016 to 0.30%, to 0.35% by the financial year ended March 31,2017 and to 0.40% by the financial year ending March 31,2018, the Company has made a provision of Rs.2180.00 Lakhs (March 31, 2016: Rs. 1353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16215.00 Lakhs (March 31, 2016:Rs.14035.00 Lakhs) includes additional provision of 0.05% for Rs.2034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5262.00 as at March 31, 2016).

(iii) During the year, the Company has reviewed the basis of estimating provision for non-performing assets and has considered estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of Rs.8336.91 Lakhs.

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 254.65 Lakhs (March 31, 2016 : Rs. 32.51 Lakhs) as Higher / additional provisions and Provisions for diminution in fair value on account of restructured advance.

**33)** MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Rs. In Lakhs

| Breakup of Loan & Advances and Provisions thereon | Housing | | Non Housing | |
|---|---|---|---|---|
| | March 2017 | March 2016 | March 2017 | March 2016 |
| **Standard Assets** | | | | |
| a) Total Outstanding Amount | 433,984.02 | 302,346.98 | 5,909.62 | 1,239.66 |
| b) Provisions made | 1,736.05 | 1,209.42 | 23.71 | 4.98 |
| **Sub-Standard Assets** | | | | |
| a) Total Outstanding Amount | 28,442.88 | 14,346.37 | 22.35 | 1.82 |
| b) Provisions made | 4,891.47 | 2,554.84 | 3.70 | 0.27 |
| **Doubtful Assets - Category -I** | | | | |
| a) Total Outstanding Amount | 10,887.42 | 5,382.39 | 0.23 | - |
| b) Provisions made | 3,161.04 | 1,556.53 | 0.06 | - |
| **Doubtful Assets - Category -II** | | | | |
| a) Total Outstanding Amount | 6,863.88 | 3,706.45 | - | - |
| b) Provisions made | 2,964.21 | 1,538.43 | - | - |
| **Doubtful Assets - Category -III** | | | | |
| a) Total Outstanding Amount | 296.11 | 117.18 | 3.15 | - |
| b) Provisions made | 296.11 | 117.18 | 3.15 | - |

| | | | | |
|---|---|---|---|---|
| **Loss Assets** | | | | |
| a) Total Outstanding Amount | 117.22 | 131.76 | - | - |
| b) Provisions made | 117.22 | 131.76 | - | - |
| | | | | |
| **TOTAL** | | | | |
| a) Total Outstanding Amount | 480,591.53 | 326,031.13 | 5,935.35 | 1,241.48 |
| b) Provisions made | 13,166.10 | 7,108.17 | 30.62 | 5.25 |

Loan receivable includes Rs. 11097.45 Lakhs outstanding towards financing of insurance as of March 31st 2017 and Rs. 7720.20 Lakhs as of March 31st 2016.

MRHFL has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2017 is Rs. 1216.22 Lakhs (March 2016: Rs. 612.67 Lakhs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made a provision @ 0.40 % on outstanding Standard Assets.

**34) Employee Benefits :**

**Defined benefit plans – as per actuarial valuation:**

**Leave Benefits (Non-funded)**

**Rs. in Lakhs**

| | **Defined Benefit Plans -As per actuarial valuation on 31st March, 2017** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss for the year ended 31st March | | |
| | Current service cost | 760.13 | 1588.52 |
| | Interest cost | 138.57 | 129.98 |
| | Expected return on plan assets | 0.00 | 0.00 |
| | Actuarial (Gains)/Losses | 322.09 | (1208.52) |
| | Total expense | **1220.79** | **509.98** |

| | | | |
|---|---|---|---|
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 2673.34 | 1732.12 |
| | Fair value of plan assets as at 31st March | 0.00 | 0.00 |
| | Funded status (Surplus/(Deficit)) | (2673.34) | (1732.12) |
| | Net asset/(liability) as at 31st March | **(2673.34)** | **(1732.12)** |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1732.12 | 1468.11 |
| | Current service cost | 760.13 | 1585.60 |
| | Interest cost | 138.57 | 129.98 |
| | Actuarial (Gains)/Losses | 322.08 | (1208.52) |
| | Benefits paid | (279.56) | (243.05) |
| | Present Value of Defined Benefit obligation at the end of the period | **2673.34** | **1732.12** |
| IV. | Major category of plan assets as a percentage of total plan | | |
| | Funded with LIC | - | - |
| | Others | | |
| V. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 7.36% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Gratuity (funded):** Defined Benefit Plans -As per actuarial valuation on 31st March, 2017

**Rs. in Lakhs**

| | | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March | | |
| | Current service cost | 480.91 | 1238.45 |
| | Interest cost | 181.43 | 158.72 |
| | Expected return on plan assets | (190.62) | (170.63) |
| | Actuarial (Gains)/Losses | 795.27 | (651.82) |
| | Funded amount to be transferred to Gratuity Fund | 0.00 | 0.00 |
| | Adjustment due to change in opening balance of plan assets | (139.57) | 0.00 |
| | Total expense | **1127.42** | **574.72** |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 3288.85 | 2269.42 |
| | Fair value of plan assets as at 31st March | 2628.97 | 2249.59 |
| | Funded status (Surplus/(Deficit)) | (659.88) | (19.83) |
| | Net asset/(liability) as at 31st March | **(659.88)** | **(19.83)** |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 2267.44 | 1771.78 |
| | Transfer of Projected benefit obligation from MBCSPL | 0.00 | 0.00 |
| | Current service cost | 480.91 | 1238.45 |
| | Interest cost | 181.43 | 158.72 |
| | Actuarial (Gains)/Losses | 617.76 | (799.14) |
| | Benefits paid | (258.68) | (100.39) |
| | Present Value of Defined Benefit obligation at the end of the period | **3288.86** | **2269.42** |
| IV. | Change in the fair value of plan assets during the year ended 31st March | | |
| | Fair value of plan assets at the beginning of the year | 2243.09 | 1811.28 |

| | | | |
|---|---|---|---|
| | Expected return on plan assets | 190.75 | 170.76 |
| | Contributions by employer | 492.11 | 515.62 |
| | Actuarial (Gains)/Losses | (177.86) | (147.68) |
| | Funded amount to be transferred to Gratuity Fund | 0.00 | 0.00 |
| | Adjustment due to change in opening balance of Plan assets | 139.57 | 0.00 |
| | Actual Benefits paid | (258.68) | (100.39) |
| | Fair value of plan assets at the end of the year | **2628.98** | **2249.59** |
| V. | Major category of plan assets as a percentage of total plan | | |
| | Funded with LIC | 100% | 100% |
| VI. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 7.36% | 8% |
| | Expected rate of return on plan assets (p.a.) | 8% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | |

**Experience Adjustments (Gratuity)** **Rs. in Lakhs**

| | **For the year ended 31 March** | | | | |
|---|---|---|---|---|---|
| | **2013** | **2014** | **2015** | **2016** | **2017** |
| Defined Benefit obligation at the end of the year | 1,046.46 | 1,371.09 | 1,771.78 | 2,269.42 | 3,300.68 |
| Plan assets at the end of the year | 967.88 | 1,320.08 | 1,811.28 | 2,249.59 | 2,628.97 |
| Funded status Surplus / (Deficit) | (78.58) | (51.01) | 39.50 | (19.83) | (671.71) |
| Experience adjustments on plan liabilities (gain) / loss | (111.33) | (65.61) | (190.55) | (268.25) | 392.49 |
| Experience adjustments on plan assets gain / (loss) | (18.89) | (25.00) | (34.22) | (41.95) | (182.48) |

The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

**35) Securitisation / assignment transactions :**

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 11489 contracts (March 31, 2016 : 30940 contracts) amounting to Rs. 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) for a consideration of Rs 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs Nil (March 31, 2016 : Rs. 6756.56 Lakhs) considered no longer necessary (refer Accounting policy 4 (IV) A (iii)).

c) In terms of the accounting policy stated in 4 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

d) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.11500.70 Lakhs (March 31,2016: Rs. 12062.65 Lakhs.)

e) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lakhs**

| S No. | Particulars | As at March 31 2017 | As at March 31 2016 |
|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 17 | 16 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 81804.49 | 136825.69 |

| | | | |
|---|---|---|---|
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet<br><br>a) Off-balance sheet exposures | | |
| | First loss-<br>Credit enhancement in form of corporate undertaking | 21037.84 | 17196.42 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss-<br>Cash collateral term deposits with banks | 16958.00 | 20038.00 |
| | Others-<br>Retained interest in pass through certificates (excluding accrued interest) | 151.77 | 472.12 |
| 4 | Amount of exposures to securitisation transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | - | - |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others : Excess Interest Spread | 21053.50 | 27856.85 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others - Cash collateral term deposits with banks | 1856.00 | 1856.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

## 36) Secured long-term borrowings :

### i) Secured non-convertible debentures

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.30% - 9.00% | 1,90,200.00 | - | 1,90,200.00 |
| Maturing between 3 years to 5 years | 7.50% - 8.82% | 1,54,130.00 | - | 1,54,130.00 |
| Maturing between 1 year to 3 years | 7.43% - 10.25% | 8,79,350.00 | - | 8,79,350.00 |
| Maturing within 1 year | 7.38% - 9.45% | - | 2,43,380.00 | 2,43,380.00 |
| **TOTAL AT FACE VALUE** | | **12,23,680.00** | **2,43,380.00** | **14,67,060.00** |
| **Less: Unamortised discounting charges** | | 7,413.27 | 1,617.47 | 9,030.74 |
| **Total redemption value, net of unamortized discounting charges** | | **1,216,266.73** | **241,762.53** | **1,458,029.26** |

**As at 31st March, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b)Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 8.70% - 9.00% | 1,89,200.00 | - | 1,89,200.00 |
| Maturity between 3 years to 5 years | 8.48% - 9.45% | 2,01,950.00 | - | 2,01,950.00 |
| Maturity between 1 year to 3 years | 8.48% - 10.25% | 3,39,240.00 | - | 3,39,240.00 |
| Maturity within 1 year | 8.57% - 10.20% | - | 2,34,470.00 | 2,34,470.00 |
| **TOTAL AT FACE VALUE** | | **7,30,390.00** | **2,34,470.00** | **9,64,860.00** |
| **Less: Unamortised discounting charges** | | 4,084.74 | 1,572.03 | 5,656.77 |
| **Total redemption value, net of unamortized discounting charges** | | **7,26,305.26** | **2,32,897.97** | **9,59,203.23** |

ii) **Secured term loans from banks :**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 8.40% - 8.75% | 25,000.00 | - | 25,000.00 |
| Maturing between 1 year to 3 years | 8.05% - 9.70% | 1,04,000.00 | - | 1,04,000.00 |
| Maturing within 1 year | 8.55% - 9.70% | - | 80,000.00 | 80,000.00 |
| **Total for repayable on maturity** | | **1,29,000.00** | **80,000.00** | **2,09,000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 8.15% - 8.90% | 18,055.56 | - | 18,055.56 |
| Maturing between 1 year to 3 years | 8.15% - 9.35% | 84,464.28 | - | 84,464.28 |
| Maturing within 1 year | 8.15% - 9.65% | - | 89,774.44 | 89,774.44 |
| **Total** | | **1,02,519.84** | **89,774.44** | **1,92,294.28** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 8.30% - 9.05% | 31,666.67 | - | 31,666.67 |
| Maturing between 1 year to 3 years | 8.30% - 9.70% | 1,27,666.66 | - | 1,27,666.67 |
| Maturing within 1 year | 8.50% - 9.70% | - | 81,000.00 | 81,000.00 |
| **Total** | | **1,59,333.33** | **81,000.00** | **2,40,333.33** |
| **iii) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 9.30%-9.70% | 67,966.67 | - | 67,966.67 |
| Maturing between 1 year to 3 years | 8.45%-9.70% | 1,97,517.00 | - | 1,97,517.00 |
| Maturing within 1 year | 8.45%-9.70% | - | 57,383.34 | 57,383.34 |
| **Total** | | **2,65,483.67** | **57,383.34** | **3,22,867.01** |
| **Total for repayable in installments** | | **5,27,336.84** | **2,28,157.78** | **7,55,494.62** |
| **TOTAL ( 1+2 )** | | **6,56,336.84** | **3,08,157.78** | **9,64,494.62** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.65% - 9.75% | 25,000.00 | - | 25,000.00 |
| c) Maturing between 1 year to 3 years | 9.65% - 9.75% | 90,000.00 | - | 90,000.00 |
| d) Maturing within 1 year | 9.50% - 9.95% | - | 1,27,500.00 | 1,27,500.00 |
| **Total for repayable on maturity** | | **1,15,000.00** | **1,27,500.00** | **2,42,500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.00% - 9.30% | 19,781.75 | - | 19,781.75 |
| c) Maturing between 1 year to 3 years | 9.30% - 9.65% | 1,07,512.54 | - | 1,07,512.54 |
| d) Maturing within 1 year | 9.30% - 9.71% | - | 67,819.42 | 67,819.42 |
| **Total** | | **1,27,294.29** | **67,819.42** | **1,95,113.71** |
| **ii) Half yearly -** | | | | |
| a) Maturing beyond 3 years to 5 years | 9.45% - 9.70% | 53,333.33 | - | 53,333.33 |
| b) Maturing between 1 year to 3 years | 9.65% - 9.75% | 1,16,000.00 | - | 1,16,000.00 |
| c) Maturing within 1 year | 9.65% - 9.75% | - | 1,11,733.33 | 1,11,733.33 |
| **Total** | | **1,69,333.33** | **1,11,733.33** | **2,81,066.66** |
| **iii) Yearly -** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.34%-9.70% | 1,20,933.33 | - | 1,20,933.33 |

| | | | | |
|---|---|---|---|---|
| c) Maturing between 1 year to 3 years | 9.34%-9.70% | 1,81,933.33 | - | 1,81,933.33 |
| d) Maturing within 1 year | 9.50%-9.70% | - | 50,333.34 | 50,333.34 |
| **Total** | | **3,02,866.66** | **50,333.34** | **3,53,200.00** |
| **Total for repayable in installments** | | **5,99,494.28** | **2,29,886.09** | **8.29.380.37** |
| **TOTAL ( 1+2 )** | | **7,14,494.28** | **3,57,386.09** | **10,71,880.37** |

iii) **Secured term loans from others :**

**As at 31st March, 2017** **(Rs. In Lakhs)**

| **From the Balance Sheet date** | **Rate range** | **(a) Non-current** | **(b) Current maturities** | **Total** |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity between 3 years to 5 years | 7.65%-9.30% | 2,054.80 | - | 2,054.80 |
| Maturity between 1 year to 3 years | 7.65%-9.30% | 6,339.39 | - | 6,339.39 |
| Maturity within 1 year | 7.65%-9.70% | - | 5,311.81 | 5,311.81 |
| **Total for repayable on installments** | | **8,394.19** | **5,311.81** | **13,706.00** |

**As at 31st March, 2016** **(Rs. In Lakhs)**

| **From the Balance Sheet date** | **Rate range** | **(a) Non-current** | **(b) Current maturities** | **Total** |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.30%-9.55% | 475.40 | - | 475.40 |
| Maturity between 3 years to 5 years | 8.85%-9.55% | 4,847.48 | - | 4,847.48 |
| Maturity between 1 year to 3 years | 8.85%-9.70% | 9,863.12 | - | 9,863.12 |
| Maturity within 1 year | 6.00%-10.15% | - | 6,109.49 | 6,109.49 |
| **Total for repayable on installments** | | **15,186.00** | **6,109.49** | **21,295.49** |

iv) **Foreign currency loans from banks**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 47,460.87 | - | 47,460.87 |
| Maturing within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 52,099.08 | 52,099.08 |
| **TOTAL** | | **47,460.87** | **52,099.08** | **99,559.95** |

**As at 31st March, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 53,227.83 | - | 53,227.83 |
| Maturity within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 26,932.51 | 26,932.51 |
| **Total** | | **53,227.83** | **26,932.51** | **80,160.34** |

v) **Foreign currency loans from others**

**As at 31st March, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 4.01% | 7,658.73 | - | 7,658.73 |
| Maturity between 3 years to 5 years | 1.99% - 4.01% | 30,360.60 | - | 30,360.60 |
| Maturity between 1 year to 3 years | 1.99% - 4.01% | 80,277.23 | - | 80,277.23 |
| Maturity within 1 year | 1.41% - 4.01% | - | 62,270.65 | 62,270.65 |
| **Total** | | **1,18,296.56** | **62,270.65** | **1,80,567.21** |

**As at 31st March, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.69% | 5,657.04 | - | 5,657.04 |
| Maturity between 3 years to 5 years | 1.99% - 3.69% | 32,704.62 | - | 32,704.62 |
| Maturity between 1 year to 3 years | 1.99% - 3.69% | 70,199.81 | - | 70,199.81 |
| Maturity within 1 year | 1.99% - 3.69% | - | 52,566.87 | 52,566.87 |
| **Total** | | **108,561.47** | **52,566.87** | **1,61,128.34** |

**37) Unsecured borrowings** :

**i) Subordinated debts (long-term)**

**As at March 31, 2017**

**Issued on private placement basis -**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 10.15% | 72,280.00 | - | 72,280.00 |
| Maturing between 3 years to 5 years | 9.50% - 10.50% | 37,270.00 | - | 37,270.00 |
| Maturing between 1 year to 3 years | 9.85% - 11.75% | 15,480.00 | - | 15,480.00 |
| Maturing within 1 year | 10.50% - 12.00% | - | 6,880.00 | 6,880.00 |
| **TOTAL A** | | **125,030.00** | **6,880.00** | **131,910.00** |

**Issued to retail investors through public issue -**

**Rs. in lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.44% - 9.00% | 94,534.22 | - | 94,534.22 |
| Maturing between 3 years to 5 years | 8.34% - 8.70% | 5,465.78 | - | 5,465.78 |
| **TOTAL B** | | **100,000.00** | **-** | **100,000.00** |
| **TOTAL (A+B)** | | **225,030.00** | **6,880.00** | **231,910.00** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| a) Maturing beyond 5 years | 8.90% - 10.50% | 74,830.00 | - | 74,830.00 |
| b) Maturing between 3 years to 5 years | 9.50% - 10.02% | 41,720.00 | - | 41,720.00 |
| c) Maturing between 1 year to 3 years | 10.50% - 12.00% | 7,860.00 | - | 7,860.00 |
| **TOTAL** | | **124,410.00** | **-** | **124,410.00** |

**ii) Term loan from banks – (short-term)**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Short term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 7.50% - 8.00% | 7,400.00 | 7,400.00 |
| **TOTAL** | | **7,400.00** | **7,400.00** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 9.50% - 10.00% | - | 10,000.00 | 10,000.00 |
| **TOTAL** | | **-** | **10,000.00** | **10,000.00** |

**iii) Fixed deposits**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturities | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 7.35% - 10.10% | - | 31,748.40 | - | 31,748.40 |
| Maturing between 1 year to 3 years | 7.35% - 10.10% | - | 1,87,545.45 | - | 191,170.45 |
| Maturing within 1 year | 7.30% - 10.60% | 24,311.71 | - | 1,82,750.58 | 2,07,062.29 |
| **TOTAL** | | **24,311.71** | **2,19,293.85** | **1,82,750.58** | **438,296.14** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturities | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.20% - 10.10% | - | 15,832.63 | - | 15,832.63 |
| b) Maturing between 1 year to 3 years | 8.20% - 10.60% | - | 272,018.38 | - | 272,018.38 |
| c) Maturing within 1 year | 7.90% - 10.60% | 16,154.68 | - | 161,030.66 | 177,185.34 |
| **TOTAL** | | **16,154.68** | **287,851.01** | **161,030.66** | **465,036.35** |

**iv) Inter corporate deposits – (short-term)**

**As at March 31, 2017**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Short Term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 7.60% - 9.80% | 65,000.00 | 65,000.00 |
| **TOTAL** | | **65,000.00** | **65,000.00** |

**As at March 31, 2016**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Short Term | Total |
|---|---|---|---|
| **Repayable on maturity :** | | | |
| Maturing within 1 year | 8.85% - 9.05% | 30,000.00 | 30,000.00 |
| **TOTAL** | | **30,000.00** | **30,000.00** |

**38) Short – term borrowings**

**i) Secured term loans from banks and cash credit facilities**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90% -12.35% | 1,59,119.35 |
| **TOTAL** | | **1,59,119.35** |

**As on 31st March, 2016**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.10%-12.15% | 1,24,329.05 |
| **TOTAL** | | **1,24,329.05** |

**ii) Foreign currency loans from others (secured)**

**As on 31st March, 2017**

**Rs.in Lakhs**

| **From the Balance Sheet date** | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 1.41% | 80,431.74 |
| **TOTAL** | | **80,431.74** |

**As on 31st March, 2016**

**Rs.in Lakhs**

| **From the Balance Sheet date** | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.86% | 55,269.55 |
| **TOTAL** | | **55,269.55** |

**iii) Commercial papers**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| **From the Balance Sheet date** | **Rate range** | **Current** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 6.65% - 7.60% | 3,85,500.00 |
| **TOTAL AT FACE VALUE** | | **3,85,500.00** |
| **Less: Unamortised discounting charges** | | 7,698.08 |
| **Total redemption value, net of unamortized discounting charges** | | **3,77,801.92** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.09% - 9.40% | 2,96,000.00 |
| **TOTAL AT FACE VALUE** | | **2,96,000.00** |
| **Less: Unamortised discounting charges** | | 5,120.33 |
| **Total redemption value, net of unamortized discounting charges** | | **2,90,879.67** |

**39) MICRO AND SMALL ENTERPRISES (MSE)**

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSE as at March 31, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

**Rs. in Lakhs**
**For the year ended March 31**

| | 2017 | 2016 |
|---|---|---|
| a) Principal amount due and remaining unpaid to suppliers as at the year end | - | - |
| b) Interest accrued and due to suppliers on the above amount as at the year end | - | - |
| c) Interest paid to suppliers in terms of Section 16 of the MSMED Act | - | - |
| d) Payment made to suppliers (other than interest) beyond the appointed day, during the year | - | - |
| e) Interest paid to suppliers (other than Section 16 of the MSMED Act) | - | - |
| f) Interest due and payable to suppliers for payments already made (for the period of delay, if any) | - | - |
| g) Interest accrued and remaining unpaid at the year end | - | - |
| h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | - | - |

**40)** During the year, the Company has incurred expenditure of Rs. 3,362.57 Lakhs (March 31, 2016: Rs. 3,135.74 Lakhs) towards Corporate Social Responsibility activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 141.87 Lakhs (March 2016:

Rs.114.26 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 26).

**41)** In case of MRHFL:

Concentration of Public Deposits, Advances, Exposures and NPAs

The company is non deposit accepting Housing Finance Company, hence there are no public deposits and hence the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

Concentration of Loans & Advances

Rs. In Lakhs

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers | 591.44 | 564.28 |
| Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC | 0.12% | 0.17% |

Concentration of all Exposure (Including off-balance sheet exposure)

Rs. In Lakhs

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 633.50 | 591.50 |
| Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers | 0.12% | 0.12% |

Concentration of NPAs

Rs. In Lakhs

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Total Exposure to top ten NPA accounts | 222.96 | 145.73 |

Sector – wise NPAs

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that sector |
|---|---|---|
| A. | Housing Loans: | |
| 1 | Individuals | 9.70% |
| 2 | Builders/Project Loans | Nil |
| 3 | Corporates | Nil |
| 4 | Others (specify) | Nil |
| B. | Non-Housing Loans: | |
| 1 | Individuals | 1.46% |
| 2 | Builders/Project Loans | Nil |
| 3 | Corporates | Nil |
| 4 | Others (specify) | Nil |

Movement of NPAs

Rs. in Lakhs

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| (I) Net NPAs to Net Advances (%) | 7.47% | 5.55% |
| (II) Movement of NPAs (Gross) | | |
| a) Opening Balance | 23,685.97 | 12,265.28 |
| b) Additions during the year | 26,534.34 | 13,422.70 |
| c) Reductions during the year | 3,587.06 | 2,002.01 |
| d) Closing Balance | 46,633.25 | 23,685.97 |
| (III) Movement of Net NPAs | | |
| a) Opening Balance | 17,786.95 | 9,478.90 |
| b) Additions during the year | 20,567.46 | 10,176.75 |

| | | |
|---|---|---|
| c) Reductions during the year | 3,158.11 | 1,868.70 |
| d) Closing Balance | 35,196.30 | 17,786.95 |
| (IV) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| a) Opening Balance | 5,899.02 | 2,786.38 |
| b) Provisions made during the year | 5,966.88 | 3,245.95 |
| c) Write-off of short provision/write-back of excess provisions | (428.95) | (133.31) |
| d) Closing Balance | 11,436.95 | 5,899.02 |

Overseas Assets

The company does not own any overseas asset and hence the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

The Company does not have any of balance sheet SPVs sponsored and hence the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company

**42)** Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**43)** During the year, the Company has raised an amount of Rs.1,00,000.00 Lakhs by way of Public Issuance Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016. The proceeds of the issue - have been used for the purposes as stated in its 'Placement Document'. The NCDs issue expenses of Rs. 1653.42 Lakhs has been adjusted against securities premium reserve.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 2649.86 Lakhs out of the profits available for payment of dividend to Debenture Redemption Reserve (DRR) on a prorata basis to create adequate DRR over the tenor of the debentures.

**44)** The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. 17/05/2016 for next 3 years.

**45)** During the year, the Department of Sales Tax in the State of Maharashtra has initiated an investigation proceeding against the Company under Section 64 of the Maharashtra Value Added Tax Act, 2002, in relation to the taxability of sale of vehicles on behalf of the Company's customers from fiscal year 2011 to the period ended October 30, 2016. The Company has made payment of Rs. 2935.92 Lakhs under protest. The company has received a demand notice for fiscal year 2011 for Rs 492.95 Lakhs which has been shown under contingent liability, however the demand notice from fiscal 2012 is yet to be received from the department.

**46)** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**47) Disclosure on Derivatives :**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2017**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1535.23 Lakhs (March 31, 2016 : US $ 1209.88 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on March 31, 2017.

During the year, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from April 01, 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at April 01, 2016 and a loss of Rs. 2365.54 Lakhs is charged to Statement of profit and loss for the year ended March 31, 2017.

**48)** There were 204 cases (March 31, 2016: 180 cases) of frauds amounting to Rs. 433.10 Lakhs (March 31, 2016 : Rs 627.20 Lakhs) reported during the year. The Company has recovered an amount of Rs.125.98 Lakhs (March 31, 2016 : Rs 117.89 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**49)** There are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

**50)** During the year, the Company had made a contribution of Rs.160.00 Lakhs (March 31, 2016 : Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution is as per the provisions of section 182 of the Companies Act, 2013.

**51)** Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of

Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details.

**Rs. in Lakhs**

| | SBNs | Other Denomination notes | Total |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | **3727.31** | **313.70** | **4041.01** |
| Add : Permitted Receipts # | 11.36 | 89080.59 | 89091.95 |
| Less : Permitted Payments | - | 17.38 | 17.38 |
| Less : Amount deposited in Banks | 3738.67 | 86659.31 | 90397.98 |
| **Closing cash in hand as on December 30, 2016** | **-** | **2717.60** | **2717.60** |

# includes non-permitted receipts of SBNs aggregating to Rs.10.78 Lakhs received from customers and directly deposited by customers into Company's bank accounts from November 9, 2016 to November 11, 2016.

**52)** Related Party Disclosure as per Accounting Standard 18:

**A) List of the related parties which has transaction with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Fellow subsidiary Companies:** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Two Wheelers Limited<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd.<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Ltd.<br>Mahindra Construction Company Ltd. |
| **Fellow Associates:** | Tech Mahindra Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

## B) Related Parties transactions are as under:

Rs. in lakhs

| Sr. No. | Nature of transactions | Holding Company | Fellow subsidiary Companies / Associates | Key Management Personnel * |
|---|---|---|---|---|
| 1 | Income | | | |
| | Loan income | -<br>- | 222.49<br>(64.15) | -<br>- |
| | Subvention / Disposal loss income | 3,786.03<br>(4,049.60) | -<br>- | |
| | Other income | -<br>- | 3.91<br>(3.47) | -<br>- |
| 2 | Expenses | | | |
| | Interest | 1,638.56<br>(126.12) | 399.76<br>- | 19.24<br>(20.12) |
| | Other Expenses | 2,666.92<br>(1,832.96) | 1,520.01<br>(620.81) | -<br>- |
| | Remuneration to MD | -<br>- | -<br>- | 674.59<br>(436.13) |
| 3 | Investment in share capital | -<br>- | -<br>- | -<br>- |
| 4 | Purchase of Fixed Assets | 281.52<br>(327.50) | 14.25<br>(30.97) | -<br>- |
| 5 | Sale of Fixed Assets | -<br>- | -<br>- | -<br>- |
| 6 | Finance | | | |
| | Fixed deposits taken | -<br>- | -<br>- | 18.07<br>(18.94) |
| | Fixed deposits repaid | -<br>- | -<br>- | -<br>(21.67) |

| | | | | |
|---|---|---|---|---|
| | Dividend paid – for previous year | 11,648.31<br>(11,648.31) | -<br>- | 25.46<br>(23.85) |
| | Inter corporate deposits taken | 50,000.00<br>(30,000.00) | 40,000.00<br>- | -<br>- |
| | Inter corporate deposits repaid | 55,000.00<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits refunded | -<br>- | -<br>- | -<br>- |
| 7 | Other transactions<br>Reimbursement from parties | -<br>- | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | 184.15<br>(153.08) | -<br>- |
| 8 | Balances as at the end of the period<br>Receivables | -<br>(310.21) | 78.07<br>(127.42) | -<br>- |
| | Loan given (including interest accrued but not due) | -<br>- | 2,448.79<br>(1,870.04) | -<br>- |
| | Inter corporate deposits given (including interest accrued but not due) | -<br>- | 113.38<br>- | -<br>- |
| | Payables | 1,081.85<br>- | 406.30<br>(220.33) | -<br>- |
| | Subordinate debt held (including interest accrued but not due) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits taken (including interest accrued but not due) | 25,260.01<br>(30,113.51) | 40,359.78<br>- | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | -<br>- | 245.59<br>(226.54) |

Notes:
**i)** Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18.

**C) The significant related party transactions are as under:**

| The significant related party transactions are as under: | | | | Rupees in Lakhs |
|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Fellow subsidiary Companies / Associates** | **Key Management Personnel *** |
| **Income** | | | | |
| **Revenue from operations** | | | | |
| Subvention / Disposal loss income | Mahindra & Mahindra Limited | 3,786.03 | - | |
| | | (4,049.60) | | |
| Loan income | 2 x 2 Logistics Pvt Ltd | - | 222.03 | - |
| | | - | (62.08) | - |
| **Expenses** | | | | |
| **Interest** | | | | |
| Interest expense on inter corporate deposits and non-convertible debentures | Mahindra & Mahindra Limited | 1,638.56 | - | - |
| | | (126.12) | - | - |
| **Other expenses** | | | | |
| Rent | Mahindra & Mahindra Limited | 1,388.30 | - | - |
| | | (1,267.00) | - | - |
| Commission & Valuation charges | Mahindra First Choice Wheels Limited | - | 1,056.10 | - |
| | | - | (526.94) | - |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 142.16 | - | - |
| | | (254.81) | - | - |
| **Finance** | | | | |
| Fixed Deposits | Ramesh Iyer and relatives | - | - | 18.07 |
| | | - | - | (18.94) |
| Fixed deposits matured | Ramesh Iyer and relatives | - | - | - |
| | | - | - | (21.67) |

| | | | | |
|---|---|---|---|---|
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,648.31<br>(11,648.31) | -<br>- | -<br>- |
| Inter corporate deposits taken | Mahindra & Mahindra Limited | 50,000.00<br>(30,000.00) | -<br>- | -<br>- |
| Inter corporate deposits taken | Tech Mahindra Limited | -<br>- | 30,000.00<br>- | -<br>- |
| Inter corporate deposits repaid | Mahindra & Mahindra Limited | 55,000.00<br>- | -<br>- | -<br>- |
| **Balances at the year end** | | | | |
| Receivables | Mahindra & Mahindra Limited | -<br>(310.21) | -<br>- | -<br>- |
| Receivables | NBS International | -<br>- | 78.07<br>(127.42) | -<br>- |
| Payables | Mahindra First Choice Wheels Limited | -<br>- | 283.38<br>(155.44) | -<br>- |
| Payables | Mahindra & Mahindra Limited | 1,081.85<br>- | -<br>- | -<br>- |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra & Mahindra Limited | 25,260.01<br>(30,113.51) | -<br>- | -<br>- |
| Inter corporate deposits taken (including interest accrued but not due) | Tech Mahindra Limited | -<br>- | 30,171.61<br>- | -<br>- |
| Loan outstanding | 2 x 2 Logistics Pvt Ltd | -<br>- | 2,114.46<br>(1,865.14) | -<br>- |
| Fixed deposits (including interest accrued but not due) | Ramesh Iyer and relatives | -<br>- | -<br>- | 245.59<br>(226.54) |

Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18.

d) Disclosure required under Section 186(4) of the Companies Act, 2013

**As at March 31, 2017**

Rs. in Lakhs

| Particulars | Relation | Balance as on April 1, 2016 | Advances | Repayments | Balance as on March 31, 2017 |
|---|---|---|---|---|---|
| **Loans and advances** | | | | | |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 4.90 | - | 4.90 | - |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 1,865.14 | 674.00 | 424.68 | 2,114.46 |
| | | **1,870.04** | **674.00** | **429.58** | **2114.46** |

Notes :
Above loans & advances have been given for general business purposes.
There were no guarantees given / securities provided during the year

**As at March 31, 2016**

Rs. in Lakhs

| Particulars | Relation | Balance as on April 1, 2015 | Advances | Repayments | Balance as on March 31, 2016 |
|---|---|---|---|---|---|
| **Loans and advances** | | | | | |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 30.08 | - | 25.18 | 4.90 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 13.21 | 1,952.93 | 101.00 | 1,865.14 |
| | | **43.29** | **1,952.93** | **126.18** | **1870.04** |

Notes :
Above loans & advances have been given for general business purposes.
There were no guarantees given / securities provided during the year

**53) Contingent liabilities and commitments (to the extent not provided for)**

Rs. in Lakhs

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Contingent liabilities** | | |
| a) Demand against the Company not acknowledged as debts - | | |
| i) Income tax | 5,308.69 | 3,873.42 |
| ii) Value Added Tax (VAT) | 684.93 | 191.98 |
| iii) Service tax | 5,541.95 | 5,283.34 |
| b) Corporate guarantees towards assignment transactions | - | 15,331.13 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions | 21,037.84 | 17,196.42 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 4,333.26 | 3,383.96 |
| | 36,906.67 | 45,260.75 |
| **Commitments** | | |
| a) Estimated amount of contracts remaining to be executed on capital account | 716.72 | 333.31 |
| | 716.72 | 333.31 |
| | | |
| **Total** | **37,623.39** | **45,594.06** |

**54) Changes in provisions :**

Rs. in Lakhs

| | As at 01.04.2016 | Additional Provision | Utilisation/ Reversal | As at 31.03.2017 |
|---|---|---|---|---|
| Provision for Standard assets | 15,249.40 | 2180.00 | 0.00 | 17429.40 |
| Provision for Non-performing assets | 1,56,055.07 | 106315.84 | 56435.00 | 205935.91 |

**55)** Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in “Others” represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2017:

**(Rs. in Lakhs)**

| | Year ended 31st March 2017 | | | Year ended 31st March 2016 | | |
|---|---|---|---|---|---|---|
| | **Financing activities** | **Other reconciling items** | **Total** | **Financing activities** | **Other reconciling items** | **Total** |
| External revenue | 706,753.70 | 13,931.90 | 720,685.60 | 648,578.22 | 11,166.77 | 659,744.99 |
| Inter segment revenue | 2,158.57 | 4,371.65 | 6,530.22 | 2,156.89 | 3,870.07 | 6,026.96 |
| Total revenue | 708,912.27 | 18,303.55 | 727,215.82 | 650,735.11 | 15,036.84 | 665,771.95 |
| Segment results (Profit before tax and after interest on financing segment) | 77,670.60 | 6,104.85 | 83,775.45 | 115,341.52 | 7,070.46 | 122,411.98 |
| Less: Interest on unallocated reconciling items | - | - | - | - | - | - |
| Net Profit before tax | 77,670.60 | 6,104.85 | 83,775.45 | 115,341.52 | 7,070.46 | 122,411.98 |
| Less: Income taxes | - | - | 30,805.47 | - | - | 43,671.83 |
| Net profit | - | - | 52,969.98 | - | - | 78,740.15 |
| **Other information:** | | | | | | |
| Segment assets | 5,242,386.18 | 5,166.72 | 5,247,552.90 | 4,421,783.71 | 8,378.57 | 4,430,162.28 |
| Unallocated corporate assets | | | 93,104.25 | | | 70,347.26 |
| **Total assets** | **5,242,386.18** | **5,166.72** | **5,340,657.15** | **4,421,783.71** | **8,378.57** | **4,500,509.54** |
| Segment liabilities | 4,631,965.16 | 2,696.33 | 4,634,661.49 | 3,845,188.24 | 1,803.60 | 3,846,991.84 |
| Unallocated corporate liabilities | | | - | | | - |
| **Total liabilities** | **4,631,965.16** | **2,696.33** | **4,634,661.49** | **3,845,188.24** | **1,803.60** | **3,846,991.84** |
| Capital expenditure | 5,538.06 | 377.00 | 5,915.06 | 5,293.85 | 431.72 | 5,725.57 |
| Depreciation / amortisation | 5,130.18 | 242.14 | 5,372.32 | 4,432.15 | 137.63 | 4,569.78 |
| Non cash expenditure other than depreciation | 53,593.42 | 123.15 | 53,716.57 | 59,367.20 | 222.17 | 59,589.37 |

**56)** Disclosure required under Schedule III of Companies Act, 2013

**Rs. In Lakhs**

| Name of Entity | Net Assets | | Share in profit or loss | |
|---|---|---|---|---|
| | As % of Consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| **Parent** | | | | |
| Mahindra & Mahindra Financial Services Limited | 93.16% | 657686.45 | 73.17% | 38755.83 |
| | | | | |
| **Subsidiaries** | | | | |
| **a. Indian** | | | | |
| 1. Mahindra Insurance Brokers Limited | 2.33% | 16469.38 | 8.51% | 4509.1 |
| 2. Mahindra Rural Housing Finance Limited | 2.42% | 17088.71 | 13.76% | 7289.95 |
| 3. Mahindra Asset Management Company Private Limited | -0.39% | -2783.63 | -3.87% | -2047.35 |
| 4. Mahindra Trustee Company Private Limited | 0.00% | -27.81 | -0.04% | -20.36 |
| | | | | |
| **b. Foreign** | | | | |
| Minority Interests in all Subsidiaries | 1.41% | 9980.11 | 3.41% | 1806.31 |
| | | | | |
| **Joint Ventures (as per proportionate consolidation / investment as per the equity method)** | | | | |
| **a. Indian** | | | | |
| **b. Foreign** | | | | |
| 1. Mahindra Finance USA, LLC | 1.07% | 7582.45 | 5.05% | 2676.50 |
| **TOTAL** | 100.00% | 705995.66 | 100.00% | 52969.98 |

**57)** Previous year figures have been regrouped / reclassified wherever found necessary.

**For FY 2015-16**

**31) Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,41,14,193 equity shares to employees up to March 31, 2016 (March 31, 2015 : 1,36,53,486 equity shares), of which 4,60,707 equity shares (March 31, 2015 : 6,15,552 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) The details of modification to Employee stock option scheme (extension of exercise period) :

The Nomination and Remuneration Committee of the Board of Directors of Mahindra & Mahindra Financial Services Limited at its Meeting held on 23rd April, 2015, has approved the extension of the exercise period to 36 months from the date of vesting as against the current period of 6 months in respect of the stock options granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme 2010.

The details of increase / (decrease) in fair value as a result of extension of the exercise period are as follows :

| Sr.No. | Scheme Name | Grant date | Fair value per option on the date of grant (Rs.) | Pre modification fair value per option (Rs.) | Post modification fair value per option (Rs.) | Increase / (decrease) in fair value per option (Rs.) |
|---|---|---|---|---|---|---|
| 1 | ESOS 2010 | 25-Jan-2012 | 117.31 | 276.65 | 273.82 | (2.83) |
| 2 | ESOS 2010 | 22-Jul-2013 | 198.64 | 272.99 | 268.41 | (4.58) |
| 3 | ESOS 2010 | 21-Oct-2013 | 259.46 | 272.25 | 267.57 | (4.68) |
| 4 | ESOS 2010 | 21-Oct-2014 | 267.23 | 268.69 | 264.07 | (4.62) |

As per the requirements of paragraph 24 of the Guidance Note on Accounting for Employee Share-based payments issued by the Institute of Chartered Accountants of India (ICAI), the Company has not taken in to account above decrease in fair value measured immediately before and after modification of the terms and conditions and hence continued to measure the amount recognised for services received as consideration for the stock options based on the grant date fair value of the stock options granted.

c) During the year, the Company has granted 57,920 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | Grant dated October 21, 2015 |
|---|---|
| No. of options granted | 57920 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 240.15 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 139.10 |

| | |
|---|---|
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 31.76 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | - |
| Unamortized amount carried forward (Rs. in Lacs) | 107.34 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting date** | **Grant dated October 21, 2015** | |
|---|---|---|
| | Expected Vesting (no. of options) | Fair Value (Rs.) per share |
| October 21, 2016 | 11584 | 223.42 |
| October 21, 2017 | 11584 | |
| October 21, 2018 | 11584 | |
| October 21, 2019 | 11584 | |
| October 21, 2020 | 11584 | |
| | **57920** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables #** | **Grant dated October 21, 2015** |
|---|---|
| 1) Risk free interest rate | 7.53% |
| 2) Expected life | 4.50 years |
| 3) Expected volatility | 37.37% |
| 4) Dividend yield | 1.65% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 242.15 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

d) Summary of stock options

**As at / Year ended March 31**

| Summary of Stock Options | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average exercise price (Rs.) | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 21,22,955 | 2.00 | 11,63,249 | 12.70 |
| Options granted during the year | 57,920 | 2.00 | 16,01,507 | 2.00 |
| Options forfeited/lapsed during the year # | 5,995 | 2.00 | 26,249 | 11.07 |
| Options exercised during the year | 4,60,707 | 2.00 | 6,15,552 | 21.84 |
| Options outstanding at the end of the year | 17,14,173 | 2.00 | 21,22,955 | 2.00 |
| Options vested but not exercised at the end of the year | 2,87,526 | 2.00 | 1,24,345 | 2.00 |

# including nil (March 31, 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

e) Information in respect of options outstanding :

**As at March 31**

| Grant date / Exercise price | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life $ | No. of stock options | Weighted average remaining life |
| **Scheme 2010 :** | | | | |
| February 07, 2011 at Rs.2.00 | 1,44,188 | 34 months | 3,55,735 | 13 months |
| January 25, 2012 at Rs.2.00 | 62,830 | 41 months | 95,790 | 19 months |
| July 22, 2013 at Rs.2.00 | 28,878 | 52 months | 38,504 | 28 months |
| October 21, 2013 at Rs.2.00 | 41,365 | 51 months | 44,644 | 31 months |

| | | | | |
|---|---|---|---|---|
| October 21, 2014 at Rs.2.00 **#** | 13,78,992 | 59 months | 15,88,282 | 37 months |
| October 21, 2015 at Rs.2.00 | 57,920 | 68 months | - | - |
| **Total** | **17,14,173** | | **21,22,955** | |

**$** the increase in weighted average remaining life as at March 31, 2016 as compared to March 31, 2015 is on account of modification to Employee stock option scheme 2010 representing extension of exercise period to 36 months from the date of vesting as against the erstwhile exercise period of 6 months from the date of vesting (refer note no. 31 (b)).

**#** net of nil (March 2015: 13,225) options forfeited/lapsed out of the options granted during the year

f) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| April 23, 2015 | 280.33 |
| May 22, 2015 | 268.97 |
| June 29, 2015 | 270.34 |
| July 27, 2015 | 264.08 |
| August 21, 2015 | 264.41 |
| September 24, 2015 | 229.04 |
| October 28, 2015 | 227.17 |
| November 24, 2015 | 238.94 |
| December 21, 2015 | 243.26 |
| January 22, 2016 | 201.98 |
| February 22, 2016 | 217.58 |
| March 22, 2016 | 240.11 |

g) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

h) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 43 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| Variables # | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 | 21-Oct-2014 | 21-Oct-2015 |
|---|---|---|---|---|---|---|
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years | 4.50 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

i) Earnings per share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| **Particulars** | **As at March 31, 2016** | **As at March 31, 2015** | **As at March 31, 2016** | **As at March 31, 2015** |
| Net profit after tax (Rs. in Lacs) | 77,229.36 | 91,290.54 | 77,306.49 | 91,358.91 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 564278639 | 563837362 | 564278639 | 563837362 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 13.69 | 16.19 | 13.70 | 16.20 |
| Diluted Earnings Per Share # (Rs.) | 13.58 | 16.05 | 13.59 | 16.06 |

# Dilution in Earnings per share is on account of 41,63,582 equity shares (March 2015 : 46,24,289 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 77.13 Lacs (March 2015 : Rs. 68.37 Lacs).

**32) Loan provisions and write offs**

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision. The Company follows prudential norms for income recognition, asset classification and provisioning for NPAs as prescribed by RBI for NBFCs and has also been making additional provision on a prudential basis.

As on 31st March, 2016, the Company has recognised NPAs based on 4 months' norms as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 3454.79 lacs and income de-recognition of Rs. 2095.16 lacs with a consequent impact of Rs. 5549.96 Lacs on Profit before tax for the year ended 31st March, 2016.

The cumulative additional provision made by the Company as on March 31, 2016 is Rs. 73567.48 Lacs (March 31, 2015 : Rs. 53319.01 Lacs).

b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,353.00 Lacs (March 2015 : Rs. 1,057.00 Lacs).

The total amount of provision on Standard assets of Rs.14,035.00 Lacs (March 2015 : Rs.12,682.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs. 5,262.00 Lacs as at 31st March, 2016 (March 2015 : Rs.4,757.00 Lacs).

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 32.51 Lacs (March 31, 2015 : Rs. 31.87 Lacs) as Higher provisions and Provisions for diminution in fair value on account of restructured advance which are shown separately under Long-term and Short-term provisions in the Balance sheet. (refer note no.5 and 9).

**33)** MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

**Classification of loans are given below:**

**Rs in Lacs**

| | **Standard assets** | **Sub standard assets** | **Bad and doubtful assets** | **Total** |
|---|---|---|---|---|
| **As at March 31, 2016** | | | | |
| Housing loans | 3,02,346.98 | 14,346.37 | 9,337.78 | 3,26,031.13 |
| Other loans & advances – secured | 419.04 | 1.82 | - | 420.86 |
| Other loans & advances | 820.62 | | | 820.62 |
| Percentage to total loans | 92.77% | 4.38% | 2.85% | 100.00% |
| **As at March 31, 2015** | | | | |
| Housing loans | 1,97,566.35 | 8,274.60 | 3,990.68 | 2,09,831.63 |
| Other loans | 313.50 | - | - | 313.50 |
| Percentage to total loans | 94.16% | 3.94% | 1.90% | 100.00% |

## 34) Employee Benefits :

### Defined benefit plans – as per actuarial valuation:
### Leave Benefits (Non-funded)

**Rs. in Lacs**

| | | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss for the year ended 31st March | | |
| | Current service cost | 1575.12 | 1400.91 |
| | Interest cost | 129.81 | 104.14 |
| | Expected return on plan assets | 0.00 | 0.00 |
| | Actuarial (Gains)/Losses | (1200.10) | (969.32) |
| | Total expense | **504.83** | **535.73** |
| | | | |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 1726.97 | 1468.11 |
| | Fair value of plan assets as at 31st March | - | - |
| | Funded status (Surplus/(Deficit)) | (1726.97) | (1468.11) |
| | Net asset/(liability) as at 31st March | **(1726.97)** | **(1468.11)** |
| | | | |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1468.11 | 1137.71 |
| | Current service cost | 1572.20 | 1400.90 |
| | Interest cost | 129.81 | 104.14 |
| | Actuarial (Gains)/Losses | (1200.10) | (969.33) |
| | Benefits paid | (243.05) | (205.31) |
| | Present Value of Defined Benefit obligation at the end of the period | **1726.97** | **1,468.11** |
| | | | |
| | | | |
| IV. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 8% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Gratuity (funded):**

**Rs. in Lacs**

| | | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March | | |
| | Current service cost | 1238.45 | 1,002.05 |
| | Interest cost | 158.72 | 120.89 |
| | Expected return on plan assets | (170.63) | (136.90) |
| | Actuarial (Gains)/Losses | (651.82) | (421.23) |
| | Funded amount to be transferred to Gratuity Fund | 0.00 | (70.18) |
| | Adjustment due to change in opening balance of plan assets | 0.00 | (97.67) |
| | Total expense | **574.72** | **396.96** |
| | | | |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 2269.42 | 1,771.78 |
| | Fair value of plan assets as at 31st March | 2249.59 | 1,811.28 |
| | Funded status (Surplus/(Deficit)) | (19.83) | 39.50 |
| | Net asset/(liability) as at 31st March | **(19.83)** | **39.50** |
| | | | |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1771.78 | 1,336.79 |
| | Transfer of Projected benefit obligation from MBCSPL | - | 0.30 |
| | Current service cost | 1238.45 | 1,002.05 |
| | Interest cost | 158.72 | 120.89 |
| | Actuarial (Gains)/Losses | (799.14) | (553.74) |
| | Benefits paid | (100.39) | (134.51) |
| | Present Value of Defined Benefit obligation at the end of the period | **2269.42** | **1,771.78** |
| | | | |
| IV. | Change in the fair value of plan assets during the year ended 31st March | | |
| | Fair value of plan assets at the beginning of the year | 1811.28 | 1,256.92 |
| | Expected return on plan assets | 170.76 | 136.73 |
| | Contributions by employer | 515.62 | 517.04 |
| | Actuarial (Gains)/Losses | (147.68) | (133.91) |
| | Funded amount to be transferred to Gratuity Fund | - | 70.18 |
| | Adjustment due to change in opening balance of Plan assets | - | 98.83 |
| | Actual Benefits paid | (100.39) | (134.51) |
| | Fair value of plan assets at the end of the year | **2249.59** | **1,811.28** |
| | | | |
| V. | Major category of plan assets as a percentage of total plan | | |
| | Funded with LIC | 100% | 100% |
| VI. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 8% | 8% |
| | Expected rate of return on plan assets (p.a.) | 8% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | |

**Experience Adjustments (Gratuity)**

**Rs. in Lakhs**

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2012** | **2013** | **2014** | **2015** | **2016** |
| Defined Benefit obligation at the end of the year | 764.35 | 1,046.46 | 1,371.09 | 1,771.78 | 2,267.66 |
| Plan assets at the end of the year | 564.89 | 967.88 | 1,320.08 | 1,811.28 | 2,243.09 |
| Funded status Surplus / (Deficit) | (199.46) | (78.58) | (51.01) | 39.50 | (24.57) |
| Experience adjustments on plan liabilities (gain) / loss | (112.32) | (111.33) | (65.61) | (190.55) | (266.97) |
| Experience adjustments on plan assets gain / (loss) | (10.77) | (18.89) | (25.00) | (34.22) | (41.95) |

## 35) Securitisation / assignment transactions :

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 30940 contracts (March 31, 2015 : 27907 contracts) amounting to Rs. 85586.85 Lacs (March 31, 2015: Rs. 72229.92 Lacs) for a consideration of Rs 85586.85 Lacs (March 31, 2015: Rs. 72229.92 Lacs) and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs 6756.56 Lacs (March 31, 2015 : Rs. 8807.91 Lacs) considered no longer necessary (refer Accounting policy 4 (vii) A (iii)).

c) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).

d) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 12062.65 Lacs (March 31, 2015: Rs. 11024.71 Lacs).

e) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lacs**

| S No. | Particulars | As at March 31 2016 | 2015 |
|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 16 | 12 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 136825.69 | 154321.26 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss- Credit enhancement in form of corporate undertaking | 17196.42 | 8307.81 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss- Cash collateral term deposits with banks | 20038.00 | 20085.00 |
| | Others- Retained interest in pass through certificates | 472.12 | 1242.81 |
| 4 | Amount of exposures to securitisation transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | - | - |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others : Excess Interest Spread | 27856.85 | 27176.87 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others - Cash collateral term deposits with banks | 1856.00 | 2000.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**36) Secured long-term borrowings** :

i) **Secured non-convertible debentures**

**As at 31st March, 2016**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b)Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 8.70% - 9.00% | 189200.00 | - | 189200.00 |
| Maturity between 3 years to 5 years | 8.48% - 9.45% | 201950.00 | - | 201950.00 |
| Maturity between 1 year to 3 years | 8.48% - 10.25% | 339240.00 | - | 339240.00 |
| Maturity within 1 year | 8.57% - 10.20% | - | 234470.00 | 234470.00 |
| **TOTAL AT FACE VALUE** | | **7,30,390.00** | **2,34,470.00** | **9,64,860.00** |
| **Less: Unamortised discounting charges** | | 4,084.74 | 1,572.03 | 5,656.77 |
| **Total redemption value, net of unamortized discounting charges** | | **7,26,305.26** | **2,32,897.97** | **9,59,203.23** |

**As at 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b)Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 8.70%-8.95% | 53,000.00 | - | 53,000.00 |
| Maturity between 3 years to 5 years | 8.65%-10.25% | 1,22,760.00 | - | 1,22,760.00 |
| Maturity between 1 year to 3 years | 8.65%-10.20% | 1,81,280.00 | - | 1,81,280.00 |
| Maturity within 1 year | 8.60%-9.95% | - | 1,52,270.00 | 1,52,270.00 |
| **TOTAL AT FACE VALUE** | | **3,57,040.00** | **1,52,270.00** | **5,09,310.00** |
| **Less: Unamortised discounting charges** | | 5,169.00 | 196.13 | 5,365.13 |
| **Total redemption value, net of unamortized discounting charges** | | **3,51,871.00** | **1,52,073.87** | **5,03,944.87** |

ii) **Secured term loans from banks :**

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Rate range | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.65% - 9.75% | 25000.00 | - | 25000.00 |
| c) Maturing between 1 year to 3 years | 9.65% - 9.75% | 90000.00 | - | 90000.00 |
| d) Maturing within 1 year | 9.50% - 9.95% | - | 127500.00 | 127500.00 |
| **Total for repayable on maturity** | | **115000.00** | **127500.00** | **242500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.30% | 19781.75 | - | 19781.75 |
| c) Maturing between 1 year to 3 years | 9.30% - 9.65% | 107512.54 | - | 107512.54 |
| d) Maturing within 1 year | 9.30% - 9.71% | - | 67819.42 | 67819.42 |
| **Total** | | **127294.29** | **67819.42** | **195113.71** |
| **ii) Half yearly -** | | | | |
| a) Maturing beyond 3 years to 5 years | 9.45% - 9.70% | 53333.33 | - | 53333.33 |
| b) Maturing between 1 year to 3 years | 9.65% - 9.75% | 116000.00 | - | 116000.00 |
| c) Maturing within 1 year | 9.65% - 9.75% | - | 111733.33 | 111733.33 |
| **Total** | | **169333.33** | **111733.33** | **281066.66** |
| **iii) Yearly -** | | | | |
| a) Maturing beyond 5 years | - | - | - | - |
| b) Maturing between 3 years to 5 years | 9.34%-9.70% | 120933.33 | - | 120933.33 |
| c) Maturing between 1 year to 3 years | 9.34%-9.70% | 181933.33 | - | 181933.33 |
| d) Maturing within 1 year | 9.50%-9.70% | - | 50333.34 | 50333.34 |
| **Total** | | **302866.66** | **50333.34** | **353200.00** |
| **Total for repayable in installments** | | **599494.28** | **229886.09** | **829380.37** |
| **TOTAL ( 1+2 )** | | **714494.28** | **357386.09** | **1071880.37** |

**As at 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 3 years | 10.25% | 30,000.00 | - | 30,000.00 |
| Maturity between 1 year to 3 years | 9.70%-10.30% | 2,37,500.00 | - | 2,37,500.00 |
| Maturity within 1 year | 9.45%-10.40% | - | 1,27,000.00 | 1,27,000.00 |
| **Total** | | **2,67,500.00** | **1,27,000.00** | **3,94,500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly-** | | | | |
| Maturity within 1 year | 10.25% | - | 6,200.00 | 6,200.00 |
| **Total** | | **-** | **6,200.00** | **6,200.00** |
| | | | | |
| **ii) Quarterly-** | | | | |
| Maturity beyond 3 years | 10.00% | 3,095.24 | - | 3,095.24 |
| Maturity between 1 year to 3 years | 9.95%-10.80% | 1,00,768.46 | - | 1,00,768.46 |
| Maturity within 1 year | 9.95%-10.80% | - | 36,054.34 | 36,054.34 |
| **Total** | | **1,03,863.70** | **36,054.34** | **1,39,918.04** |
| **iii) Half-yearly-** | | | | |
| Maturity beyond 3 years | 10.25% | 21,666.67 | - | 21,666.67 |
| Maturity between 1 year to 3 years | 10.0%-10.25% | 2,26,066.67 | - | 2,26,066.67 |
| Maturity within 1 year | 10.0%-10.25% | - | 1,67,200.00 | 1,67,200.00 |
| **Total** | | **2,47,733.33** | **1,67,200.00** | **4,14,933.33** |
| **iv) Yearly-** | | | | |
| Maturity beyond 3 years | 10.20%-10.25% | 55,333.33 | - | 55,333.33 |
| Maturity between 1 year to 3 years | 10.20%-10.25% | 1,13,166.67 | - | 1,13,166.67 |
| Maturity within 1 year | 10.25% | - | 7,500.00 | 7,500.00 |
| **Total** | | **1,68,500.00** | **7,500.00** | **1,76,000.00** |
| **Total for repayable in installments** | | **5,20,097.03** | **2,16,954.34** | **7,37,051.37** |
| **Total (1+2)** | | **7,87,597.03** | **3,43,954.34** | **11,31,551.37** |

iii) **Secured term loans from others :**

**As on 31st March, 2016** **(Rs. In Lacs)**

| | Rate range | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.30%-9.55% | 475.40 | - | 475.40 |
| Maturity between 3 years to 5 years | 8.85%-9.55% | 4,847.48 | - | 4,847.48 |
| Maturity between 1 year to 3 years | 8.85%-9.70% | 9,863.12 | - | 9,863.12 |
| Maturity within 1 year | 6.00%-10.15% | - | 6,109.49 | 6,109.49 |
| **Total for repayable on installments** | | **15,186.00** | **6,109.49** | **21,295.49** |

**As on 31st March, 2015** **(Rs. In Lacs)**

| | Rate range | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.15%-10.05% | 2,305.80 | - | 2,305.80 |
| Maturity between 3 years to 5 years | 9.15%-10.05% | 7,786.39 | - | 7,786.39 |
| Maturity between 1 year to 3 years | 6.00%-10.15% | 11,590.30 | - | 11,590.30 |
| Maturity within 1 year | 6.00%-10.30% | - | 7,039.44 | 7,039.44 |
| **Total for repayable on installments** | | **21,682.49** | **7,039.44** | **28,721.93** |

iv) **Foreign currency loans from banks**

**As on 31st March, 2016**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | 8.69% - 9.97% | 53227.83 | | 53227.83 |
| Maturity within 1 year | 9.16% - 9.33% | - | 26932.51 | 26932.51 |
| **Total** | | **53227.83** | **26932.51** | **80160.34** |

**As on 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | 8.95% | 12,500.00 | | 12,500.00 |
| Maturity within 1 year | 9.05%-9.98% | - | 42,044.47 | 42,044.47 |
| **Total** | | **12,500.00** | **42,044.47** | **54,544.47** |

v) **Foreign currency loans from others**

**As on 31st March, 2016**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.69% | 5,657.04 | - | 5,657.04 |
| Maturity between 3 years to 5 years | 1.99% - 3.69% | 32,704.62 | - | 32,704.62 |
| Maturity between 1 year to 3 years | 1.99% - 3.69% | 70,199.81 | - | 70,199.81 |
| Maturity within 1 year | 1.99% - 3.69% | - | 52,566.87 | 52,566.87 |
| **Total** | | **108,561.47** | **52,566.87** | **1,61,128.34** |

**As on 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a)Non-current | (b) Current maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.69% | 4,045.72 | - | 4,045.72 |
| Maturity between 3 years to 5 years | 1.99% - 3.69% | 22,282.02 | - | 22,282.02 |
| Maturity between 1 year to 3 years | 1.99% - 3.69% | 48,773.57 | - | 48,773.67 |
| Maturity within 1 year | 1.99% - 3.69% | - | 35,853.50 | 35,853.50 |
| **Total** | | **75,101.31** | **35,853.50** | **1,10,954.81** |

**37) Unsecured borrowings** :

**i) Subordinated debts (long-term)**

**As at March 31, 2016**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| a) Maturing beyond 5 years | 8.90% - 10.50% | 74,830.00 | - | 74,830.00 |
| b) Maturing between 3 years to 5 years | 9.50% - 10.02% | 41,720.00 | - | 41,720.00 |
| c) Maturing between 1 year to 3 years | 10.50% - 12.00% | 7,860.00 | - | 7,860.00 |
| **TOTAL** | | **124,410.00** | **-** | **124,410.00** |

**As on 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 9.18%-10.50% | 78,550.00 | - | 78,550.00 |
| Maturing between 3 years to 5 years | 9.85%-11.75% | 15,480.00 | - | 15,480.00 |
| Maturing between 1 year to 3 years | 10.50%-12.00% | 6,880.00 | - | 6,880.00 |
| **TOTAL** | | **1,00,910.00** | **-** | **1,00,910.00** |

**ii) Term loan from banks**

**As at March 31, 2016 :**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 10.00% | - | 10,000.00 | 10,000.00 |
| **TOTAL** | | **-** | **10,000.00** | **10,000.00** |

**As on 31st March, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10,000.00 |
| | | **10,000.00** | **-** | **10,000.00** |

**iii) Fixed deposits**

**As at March 31, 2016**

**Rs. in Lacs**

| | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturities | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.20% - 10.10% | - | 15,832.63 | - | 15,832.63 |
| b) Maturing between 1 year to 3 years | 8.20% - 10.60% | - | 272,018.38 | - | 272,018.38 |
| c) Maturing within 1 year | 7.90% - 10.60% | 16,154.68 | - | 161,030.66 | 177,185.34 |
| **TOTAL** | | **16,154.68** | **287,851.01** | **161,030.66** | **465,036.35** |

**As on 31st March, 2015**

**Rs.in Lacs**

| | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturities | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.90%-10.10% | 0.00 | 6,561.15 | 0 | 6,561.15 |
| b) Maturing between 1 year to 3 years | 9.15%-10.60% | 0.00 | 3,15,132.68 | 0 | 3,15,132.68 |
| c) Maturing within 1 year | 8.40%-10.75% | 6,943.06 | 0 | 1,29,621.50 | 1,36,564.56 |
| **TOTAL** | | **6,943.06** | **3,21,693.83** | **1,29,621.50** | **4,58,258.39** |

**iv) Inter corporate deposits**

**As at March 31, 2016**

**Rs.in Lacs**

| | Rate range | Short-term | (a) Non-current | (b) Current maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 8.85% - 9.05% | 30,000.00 | - | - | 30,000.00 |
| **TOTAL** | | **30,000.00** | **-** | **-** | **30,000.00** |

**As on 31st March, 2015 - NIL**

**38) Short – term borrowings**

**i) Secured term loans from banks and cash credit facilities**

**As on 31st March, 2016**

**Rs.in Lacs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.10%-12.15% | 1,24,329.05 |
| **TOTAL** | | **1,24,329.05** |

**As on 31st March, 2015**

**Rs.in Lacs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.60%-10.50% | 1,35,354.56 |
| **TOTAL** | | **1,35,354.56** |

**ii) Foreign currency loans from others (secured)**

**As on 31st March, 2016**

**Rs.in Lacs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.86% | 55,269.45 |
| **TOTAL** | | **55,269.45** |

**As on 31st March, 2015**

**Rs.in Lacs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.60% | 36,064.29 |
| **TOTAL** | | **36,064.29** |

**iii) Commercial papers**

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.09% - 9.40% | 2,96,000.00 |
| **TOTAL AT FACE VALUE** | | **2,96,000.00** |
| **Less: Unamortised discounting charges** | | 5,120.33 |
| **Total redemption value, net of unamortized discounting charges** | | **2,90,879.67** |

**As on 31st March, 2015**

**Rs. in Lacs**

| Particulars | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.88%-9.15% | 3,47,500.00 |
| **TOTAL AT FACE VALUE** | | **3,47,500.00** |
| **Less: Unamortised discounting charges** | | 5,431.44 |
| **Total redemption value, net of unamortized discounting charges** | | **3,42,068.56** |

**39)** Disclosure of trade payables to Micro, Small and Medium Enterprises under Current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on March 31, 2016 to Micro, Small and Medium Enterprises on account of principle amount aggregate to Rs. Nil (March 31, 2015: Rs. Nil) [including overdue amount of Rs. Nil (March 31, 2015: Rs. Nil)] and interest due thereon is Rs. Nil (March 31, 2015: Rs. Nil) and interest paid during the year Rs. Nil (March 31, 2015: Rs. Nil).

**40)** During the year, the Group has incurred expenditure of Rs. 3,021.48 Lacs (March 31, 2015 : Rs. 2,532.24 Lacs) towards Corporate Social Responsibility activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 114.26 lacs (March 2015: Rs.113.56 Lacs) towards the CSR activities undertaken by the Company (refer note no. 26).

**41)** MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2016 is Rs. 612.67 Lacs (March 2015: Rs. 224.03 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

**Rs. in Lacs**

| | Standard | Sub Standard | Doubtful | Loss |
|---|---|---|---|---|
| Provisions made : | | | | |
| **As at March 31, 2016** | | | | |
| Housing loans – secured | 1,209.42 | 2,554.84 | 3,212.15 | 131.76 |
| Other loans & advances – secured | 1.68 | 0.27 | - | - |
| Other loans & advances | 3.30 | - | - | - |
| | | | | |
| **As at March 31, 2015** | | | | |
| Housing loans | 790.30 | 1,297.07 | 1,408.97 | 80.34 |
| Other loans | 1.35 | - | - | - |

**42)** Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**43)** The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

**44)** MIBL has submitted the application on April 04, 2016 for renewal of its Composite Broking License, which is due for renewal on May 17, 2016.

**45)** As per section 29C (i) of the National Housing Bank Act, 1987, MRHFL is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

**46)** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**47)** In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

**48) Disclosure on Derivatives :**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2016**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1209.88 Lacs (March 31, 2015 : US $ 872.71 Lacs). The said loan has been

fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2016.

**49)** There were 180 cases (March 2015: 119 cases) of frauds amounting to Rs. 627.20 Lacs (March 31, 2015 : Rs 353.81 Lacs) reported during the year. The Company has recovered an amount of Rs. 117.89 Lacs (March 31, 2015 : Rs 107.39 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**50)** The gold loans outstanding as a percentage of total assets is at 0.02% (March 2015: 0.03%)

**51)** Related Party Disclosure as per Accounting Standard 18:

**A) List of the related parties which has transaction with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Fellow subsidiary Companies:** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Two Wheelers Limited<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra First Choice Services Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd.<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related Parties transactions are as under:**

Rs in lacs

| Sr. No. | Nature of transactions | Holding Company | Fellow subsidiary Companies | * Key Management Personnel |
|---|---|---|---|---|
| 1 | Income | | | |
| | Loan income | -<br>- | 64.15<br>(3.52) | -<br>- |
| | Subvention / Disposal loss income | 4,049.60<br>(3,663.07) | -<br>- | |

| | | | | |
|---|---|---|---|---|
| | Other income | -<br>(64.21) | 3.47<br>- | -<br>- |
| 2 | Expenses | | | |
| | Interest | 126.12<br>- | -<br>- | 20.12<br>(20.11) |
| | Other Expenses | 1,832.96<br>(1,503.21) | 620.81<br>(432.33) | -<br>- |
| | Remuneration to MD | -<br>- | -<br>- | 436.13<br>(645.48) |
| 3 | Investment in share capital | -<br>- | -<br>- | -<br>- |
| 4 | Purchase of Fixed Assets | 327.50<br>(413.60) | 37.73<br>- | -<br>- |
| 5 | Sale of Fixed Assets | -<br>- | -<br>- | -<br>- |
| 6 | Finance | | | |
| | Fixed deposits taken | -<br>- | -<br>- | 18.94<br>(202.90) |
| | Fixed deposits repaid | -<br>- | -<br>- | 21.67<br>(188.25) |
| | Dividend paid – for previous year | 11,648.31<br>(11,065.89) | -<br>- | 23.85<br>(23.71) |
| | Inter corporate deposits taken | 30,000.00<br>- | -<br>- | -<br>- |
| | Inter corporate deposits repaid | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits refunded | -<br>- | -<br>- | -<br>- |
| 7 | Other transactions | | | |
| | Reimbursement from parties | -<br>- | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | 153.08<br>(119.72) | -<br>- |
| 8 | Balances as at the end of the period | | | |
| | Receivables | 315.06<br>(1,234.25) | 127.42<br>- | -<br>- |

| | | | | |
|---|---|---|---|---|
| | Loan given and outstanding (including interest accrued but not due) | -<br>- | 1,870.04<br>(43.29) | -<br>- |
| | Inter corporate deposits given (including interest accrued but not due) | -<br>- | -<br>- | -<br>- |
| | Payables | -<br>- | 220.33<br>(157.98) | -<br>- |
| | Subordinate debt held (including interest accrued but not due) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits taken (including interest accrued but not due) | 30,113.51<br>- | -<br>- | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | -<br>- | 226.54<br>(231.80) |

Notes:
Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

**C) The significant related party transactions are as under:**

Rs. in lakhs

| Nature of transactions | | Holding Company | Fellow subsidiary Companies | * Key Management Personnel |
|---|---|---|---|---|
| **Income** | | | | |
| **Revenue from operations** | | | | |
| Subvention / Disposal loss income | Mahindra & Mahindra Limited | 4,049.60<br>(3,663.07) | -<br>- | -<br>- |
| Loan income | 2 x 2 Logistics Pvt Ltd | -<br>- | 62.08<br>- | -<br>- |
| Loan income | Mahindra Retail Pvt Ltd | -<br>- | -<br>(3.28) | -<br>- |
| **Expenses** | | | | |
| **Interest** | | | | |
| Interest expense on inter corporate deposits and non-convertible debentures | Mahindra & Mahindra Limited | 126.12<br>- | -<br>- | -<br>- |

| | | | | |
|---|---|---|---|---|
| **Other expenses** | | | | |
| Rent | Mahindra & Mahindra Limited | 1,267.00 | - | - |
| | | (951.24) | - | - |
| Commission & Valuation charges | Mahindra First Choice Wheels Limited | - | 526.94 | - |
| | | - | (417.19) | - |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 254.81 | - | - |
| | | (413.60) | - | - |
| Purchase of fixed assets | NBS International | - | 30.97 | - |
| | | - | - | - |
| **Finance** | | | | |
| Fixed Deposits | Ramesh Iyer and relatives | - | - | 18.94 |
| | | - | - | (202.90) |
| Fixed deposits matured | Ramesh Iyer and relatives | - | - | 21.67 |
| | | - | - | (188.25) |
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,648.31 | - | - |
| | | (11,065.89) | - | - |
| Inter corporate deposits taken | Mahindra & Mahindra Limited | 30,000.00 | - | - |
| | | - | - | - |
| **Balances at the year end** | | | | |
| Receivables | Mahindra & Mahindra Limited | 315.06 | - | - |
| | | (1,234.25) | - | - |
| Receivables | NBS International | - | 127.42 | - |
| | | - | - | - |
| Payables | Mahindra First Choice Wheels Limited | - | 155.44 | - |
| | | - | (114.87) | - |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra & Mahindra Limited | 30,113.51 | - | - |
| | | - | - | - |

| | | | | |
|---|---|---|---|---|
| Loan outstanding | 2 x 2 Logistics Pvt Ltd | -<br>- | 1,865.14<br>- | -<br>- |
| Loan outstanding | Mahindra Retail Pvt Ltd | -<br>- | -<br>(30.08) | -<br>- |
| Fixed deposits (including interest accrued but not due) | Ramesh Iyer and relatives | -<br>- | -<br>- | 226.54<br>(231.80) |

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

d) Disclosure required under Section 186(4) of the Companies Act, 2013

**As at March 31, 2016**

Rs. in lacs

| Particulars | Relation | Balance as at April 1, 2015 | Advances | Repayments | Balance as at March 31, 2016 |
|---|---|---|---|---|---|
| **Loans and advances** | | | | | |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 30.08 | - | 25.18 | 4.90 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 13.21 | 1,952.93 | 101.00 | 1,865.14 |
| | | **43.29** | **1,952.93** | **126.18** | **1870.04** |

Notes :

**i)** Above loans & advances have been given for general business purposes.

**ii)** There were no guarantees given / securities provided during the year.

**As at March 31, 2015**

Rs. in lacs

| Particulars | Relation | Balance as on April 1, 2014 | Advances | Repayments | Balance as on March 31, 2015 |
|---|---|---|---|---|---|
| **Loans and advances** | | | | | |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 36.11 | - | 6.03 | 30.08 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | - | 13.58 | 0.37 | 13.21 |
| | | **36.11** | **13.58** | **6.40** | **43.29** |

Notes :

**iii)** Above loans & advances have been given for general business purposes.
**iv)** There were no guarantees given / securities provided during the year.

**52) Contingent liabilities and commitments (to the extent not provided for)**

**Rs. in Lacs**

| | 31 March 2016 | 31 March 2015 |
|---|---|---|
| **Contingent liabilities** | | |
| a) Demand against the Group not acknowledged as debts - | | |
| i) Income tax | 3,873.42 | 4,416.81 |
| ii) Value Added Tax (VAT) | 191.98 | 191.98 |
| iii) Service tax | 5,283.34 | - |
| b) Corporate guarantees towards assignment transactions | 15,331.13 | 31,338.63 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 42 (e)) | 17,196.42 | 8,307.81 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 3,384.32 | 3,126.01 |
| | 45,260.61 | 47,381.24 |
| **Commitments** | | |
| a) Estimated amount of contracts remaining to be executed on capital account | 303.83 | 606.62 |
| | 303.83 | 606.62 |
| **Total** | **45,564.44** | **47,987.86** |

**53) Changes in provisions :**

**Rs. in Lacs**

| | As at 01.04.2015 | Additional Provision | Utilisation/ Reversal | As at 31.03.2016 |
|---|---|---|---|---|
| Provision for Standard assets | 13,473.65 | 1,775.75 | - | 15,249.40 |
| Provision for Non-performing assets | 99,955.09 | 95,385.82 | 39,285.84 | 1,56,055.07 |

**54)** The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of The Companies Act, 2013 is not given.

**55)** Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report :

**(Rs. in Lacs)**

| | **Year ended 31st March 2016** | | | **Year ended 31st March 2015** | | |
|---|---|---|---|---|---|---|
| | **Financing activities** | **Other reconciling items** | **Total** | **Financing activities** | **Other reconciling items** | **Total** |
| External revenue | 648,582.35 | 11,169.40 | 659,751.75 | 596,345.22 | 9,745.34 | 606,090.56 |
| Inter segment revenue | 2,156.89 | 3,870.07 | 6,026.96 | 1,938.24 | 2,875.03 | 4,813.27 |
| **Total revenue** | **650,739.24** | **15,039.47** | **665,778.71** | **598,283.46** | **12,620.37** | **610,903.83** |
| Segment results (Profit before tax and after interest on financing segment) | 115,341.52 | 7,070.46 | 122,411.98 | 133,467.22 | 6,519.64 | 139,986.86 |
| Less: Interest on unallocated reconciling items | - | - | - | - | - | - |
| **Net Profit before tax** | **115,341.52** | **7,070.46** | **122,411.98** | **133,467.22** | **6,519.64** | **139,986.86** |
| Less: Income taxes | - | - | 43,671.83 | - | - | 47,500.11 |
| **Net profit** | **-** | **-** | **78,740.15** | **-** | **-** | **92,486.75** |
| **Other information:** | | | | | | |
| Segment assets | 4,421,958.53 | 8,379.83 | 4,430,338.36 | 3,813,108.90 | 1,735.87 | 3,814,844.77 |
| Unallocated corporate assets | - | - | 70,346.00 | - | - | 48,469.25 |
| **Total assets** | **4,421,958.53** | **8,379.83** | **4,500,684.36** | **3,813,108.90** | **1,735.87** | **3,863,314.02** |
| Segment liabilities | 3,818,061.36 | 1,803.60 | 3,819,864.96 | 3,263,050.51 | 1,062.22 | 3,264,112.73 |
| Unallocated corporate liabilities | | | - | | | - |
| **Total liabilities** | **3,818,061.36** | **1,803.60** | **3,819,864.96** | **3,263,050.51** | **1,062.22** | **3,264,112.73** |
| Capital expenditure | 5,293.85 | 399.18 | 5,693.03 | 4,053.74 | 164.62 | 4,218.36 |
| Depreciation / amortisation | 4,432.15 | 137.63 | 4,569.78 | 4,426.64 | 124.12 | 4,550.76 |
| Non cash expenditure other than depreciation | 59,367.20 | 222.17 | 59,589.37 | 37,243.79 | 152.29 | 37,396.08 |

**56)** Disclosure required under Schedule III of Companies Act, 2013

Rs. in lakhs

| Name of Entity | Net Assets | | Share in profit or loss | |
|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| **Parent** | | | | |
| Mahindra & Mahindra Financial Services Limited | 94.48% | 6,17,587.68 | 84.12% | 66,234.5 |
| **Subsidiaries** | | | | |
| **a) Indian** | | | | |
| 1. Mahindra Insurance Brokers Limited | 2.03% | 13,247.87 | 5.23% | 4,121.29 |
| 2. Mahindra Rural Housing Finance Limited | 1.75% | 11460.87 | 6.97% | 5484.53 |
| 3. Mahindra Asset Management Company Private Limited | -0.07% | -454.09 | -0.57% | -445.03 |
| 4. Mahindra Trustee Company Private Limited | 0.00% | -7.45 | -0.01% | -4.92 |
| **b) Foreign** | | | | |
| Minority Interests in all Subsidiaries | 1.03% | 6752.75 | 1.92% | 1510.79 |
| **Joint venture (as per proportionate consolidation/investment as per equity method:** | | | | |
| **Foreign** | | | | |
| Mahindra Finance USA, LLC | 0.78% | 5104.90 | 2.34% | 1838.99 |
| **TOTAL** | 100.00% | 680819.40 | 100.00% | 78740.15 |

**57)** MAMCL was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as an investment manager to the "Mahindra Mutual Fund". The company has been granted a license from SEBI on 4 February 2016 and is awaiting product approvals from SEBI.

**58)** MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund".

**59)** Previous year figures have been regrouped / reclassified wherever found necessary.

**For FY 2014-15:**

**31) Employee Stock Option Plan**

a) The Company had allotted 1,34,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 2014 : 1,30,37,934 equity shares) up to 31st March, 2015, of which 6,15,552 equity shares (March 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 6 years from the date of grant |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated 21st October, 2014** |
|---|---|
| No. of options granted | 16,01,507 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 278.80 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 4,465.00 |
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 1,011.09 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | 36.87 |
| Unamortized amount carried forward (Rs. in Lacs) | 3,417.04 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| Vesting date | Grant dated October 21, 2014 | |
|---|---|---|
| | Expected Vesting (no. of options) | Fair Value (Rs.) per share |
| October 21, 2015 | 320299 | 267.23 |
| October 21, 2016 | 320299 | |
| October 21, 2017 | 320299 | |
| October 21, 2018 | 320299 | |
| October 21, 2019 | 320311 | |
| | **1601507** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables #** | **Grant dated 21st October, 2014** |
|---|---|
| | |
| 1) Risk free interest rate | 8.50% |
| 2) Expected life | 3.25 years |
| 3) Expected volatility | 38.83% |
| 4) Dividend yield | 1.35% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 280.80 |

**#** the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

| **Summary of Stock Options** | **As at March 31, 2015** | | **As at March 31, 2014** | |
|---|---|---|---|---|
| | **No. of stock options** | **Weighted average exercise price (Rs.)** | **No. of stock options** | **Weighted average exercise price (Rs.)** |
| Options outstanding at the beginning of the year | 11,63,249 | 12.70 | 16,44,675 | 21.61 |
| Options granted during the year | 16,01,507 | 2.00 | 1,17,625 | 2.00 |
| Options forfeited/lapsed during the year # | 26,249 | 11.07 | 94,107 | 37.64 |
| Options exercised during the year | 6,15,552 | 21.84 | 5,04,944 | 34.57 |
| Options outstanding at the end of the year | 21,22,955 | 2.00 | 11,63,249 | 12.70 |
| Options vested but not exercised at the end of the year | 1,24,345 | 2.00 | 4,36,039 | 30.55 |

# including 13,225 (March 2014: 4,085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

| Grant date / Exercise price | As at March 31, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life | No. of stock options | Weighted average remaining life |
| **Scheme 2005 :** | | | | |
| 18th September, 2008 at Rs.46.60 | - | - | 2,79,150 | 5 months |
| (a) | | | 2,79,150 | |
| **Scheme 2010 :** | | | | |
| 7th February, 2011 at Rs.2.00 | 3,55,735 | 13 months | 6,34,749 | 18 months |
| 25th January, 2012 at Rs.2.00 | 95,790 | 19 months | 1,35,810 | 26 months |
| 22nd July, 2013 at Rs.2.00 | 38,504 | 28 months | 48,130 | 34 months |
| 21st October, 2013 at Rs.2.00 | 44,644 | 31 months | 65,410 | 37 months |
| 21st October, 2014 at Rs.2.00 # | 15,88,282 | 37 months | - | - |
| (b) | | | 8,84,099 | |
| **Total (a + b)** | | | **11,63,249** | |

# net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option
are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| 23-Apr-2014 | 247.08 |
| 19-May-2014 | 273.10 |
| 23-May-2014 | 314.43 |
| 18-Jun-2014 | 282.44 |
| 25-Jul-2014 | 238.78 |
| 21-Aug-2014 | 274.40 |
| 3-Sep-2014 | 286.16 |
| 23-Sep-2014 | 278.33 |
| 28-Oct-2014 | 287.62 |
| 17-Nov-2014 | 314.66 |
| 22-Dec-2014 | 294.69 |
| 19-Jan-2015 | 288.62 |
| 24-Feb-2015 | 252.75 |
| 23-Mar-2015 | 265.00 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note no. 43 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| **Variables #** | **7-Dec-2005** | **24-Jul-2007** | **25-Mar-2008** | **18-Sep-2008** |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| **Variables #** | **7-Feb-2011** | **25-Jan-2012** | **22-Jul-2013** | **21-Oct-2013** | **21-Oct-2014** |
|---|---|---|---|---|---|
| | | | | | |
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings per share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| **Particulars** | **As at March 31, 2015** | **As at March 31, 2014** | **As at March 31, 2015** | **As at March 31, 2014** |
| Net profit after tax (Rs. in Lacs) | 91,290.54 | 95,442.14 | 91,358.91 | 95,473.03 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 563837362 | 563184678 | 563837362 | 563184678 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 16.19 | 16.95 | 16.20 | 16.95 |
| Diluted Earnings Per Share # (Rs.) | 16.05 | 16.78 | 16.06 | 16.79 |

# Dilution in Earnings per share is on account of 46,24,289 equity shares (March 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 68.37 Lacs (March 2014 : Rs. 30.89 Lacs).

**32) Loan provisions and write offs**

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2014 is Rs. Rs.53,319.01 Lacs (March 2014 : Rs. 35,253.77 Lacs).

b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,057.00 Lacs (March 2014 : Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs.12,682.00 Lacs (March 2014 : Rs.11,625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs. 4,758.00 Lacs as at 31st March, 2015 (March 2014 : Rs.4,370.00 Lacs).

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advance which are included under this head.

**33)** MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

| **Classification of loans are given below:** | | | | |
|---|---|---|---|---|
| | **Standard assets** | **Sub standard assets** | **Bad and doubtful assets** | **Total** |
| | | | | |
| **As at March 31, 2015** | | | | |
| Housing loans | 1,97,566.35 | 8,274.60 | 3,990.68 | 2,09,831.63 |
| Other loans | 313.50 | - | - | 313.50 |
| Percentage to total loans | 94.16% | 3.94% | 1.90% | 100.00% |
| | | | | |
| **As at March 31, 2014** | | | | |
| Housing loans | 1,29,200.71 | 4,923.87 | 1,372.19 | 1,35,496.77 |
| Other loans | 227.88 | - | - | 227.88 |
| Percentage to total loans | 95.36% | 3.63% | 1.01% | 100.00% |

**34) Employee Benefits :**

**Defined benefit plans – as per actuarial valuation:**
**Leave Benefits (Non-funded)**

| | | **As at March 31, 2015** | **As at March 31, 2014** |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss for the year ended 31st March | | |
| | Current service cost | 1,291.84 | 1,060.34 |
| | Interest cost | 213.20 | 171.65 |
| | Expected return on plan assets | 0.00 | 0.00 |
| | Actuarial (Gains)/Losses | (969.32) | (812.68) |
| | Total expense | **535.72** | **419.30** |
| | | | |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 1,468.12 | 1,194.65 |
| | Fair value of plan assets as at 31st March | 0.00 | - |
| | Funded status (Surplus/(Deficit)) | (1,468.12) | (1,194.65) |
| | Net asset/(liability) as at 31st March | **(1,468.12)** | **(1,194.65)** |
| | | | |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1,137.71 | 950.53 |

| | | | |
|---|---|---|---|
| | Current service cost | 1,291.84 | 1,060.34 |
| | Interest cost | 213.20 | 171.65 |
| | Actuarial (Gains)/Losses | (969.32) | (812.68) |
| | Benefits paid | (205.31) | (175.19) |
| | Present Value of Defined Benefit obligation at the end of the period | **1,468.12** | **1,194.65** |
| | | | |
| IV. | Major category of plan assets as a percentage of total plan | | |
| | Funded with LIC | - | - |
| | Others | | |
| | | | |
| V. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 8% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Gratuity (funded):**

| | | **As at March 31, 2015** | **As at March 31, 2014** |
|---|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March | | |
| | Current service cost | 1,002.05 | 838.04 |
| | Interest cost | 120.89 | 94.61 |
| | Expected return on plan assets | (136.90) | (90.83) |
| | Actuarial (Gains)/Losses | (421.23) | (408.01) |
| | Funded amount to be transferred to Gratuity Fund | (70.18) | - |
| | Adjustment due to change in opening balance of plan assets | (97.67) | (193.03) |
| | Total expense | **396.96** | **240.77** |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | | |
| | Present Value of Defined Benefit obligation as at 31st March | 1,771.78 | 1,371.09 |
| | Fair value of plan assets as at 31st March | 1,811.28 | 1,320.08 |
| | Funded status (Surplus/(Deficit)) | 39.50 | (51.01) |
| | Net asset/(liability) as at 31st March | **39.50** | **(51.01)** |
| | | | |
| III. | Change in the obligations during the year ended 31st March | | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1,336.79 | 1,046.46 |
| | Transfer of Projected benefit obligation from MBCSPL | 0.30 | - |
| | Current service cost | 1,002.05 | 838.04 |
| | Interest cost | 120.89 | 94.61 |
| | Actuarial (Gains)/Losses | (553.74) | (488.66) |
| | Benefits paid | (134.51) | (119.36) |
| | Present Value of Defined Benefit obligation at the end of the period | **1,771.78** | **1,371.09** |
| | | | |

| | | | |
|---|---|---|---|
| IV. | Change in the fair value of plan assets during the year ended 31st March | | |
| | Fair value of plan assets at the beginning of the year | 1,256.92 | 967.88 |
| | Expected return on plan assets | 136.73 | 90.83 |
| | Contributions by employer | 517.04 | 271.57 |
| | Actuarial (Gains)/Losses | (133.91) | (85.00) |
| | Funded amount to be transferred to Gratuity Fund | 70.18 | - |
| | Adjustment due to change in opening balance of Plan assets | 98.83 | 193.03 |
| | Actual Benefits paid | (134.51) | (118.24) |
| | Fair value of plan assets at the end of the year | **1,811.28** | **1,320.08** |
| | | | |
| V. | Major category of plan assets as a percentage of total plan | | |
| | Funded with LIC | 100% | 100% |
| VI. | Actuarial Assumptions | | |
| | Discount Rate (p.a.) | 8% | 8% |
| | Expected rate of return on plan assets (p.a.) | 8% | 8% |
| | Rate of Salary increase (p.a.) | 5% | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | |

**Experience Adjustments (Gratuity)**

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** |
| Defined Benefit obligation at the end of the year | 489.26 | 764.35 | 1,046.46 | 1,371.09 | 1,771.78 |
| Plan assets at the end of the year | 428.44 | 564.89 | 967.88 | 1,320.08 | 1,811.28 |
| Funded status Surplus / (Deficit) | (60.82) | (199.46) | (78.58) | (51.01) | 39.50 |
| Experience adjustments on plan liabilities (gain) / loss | (56.66) | (112.32) | (111.33) | (65.61) | (190.55) |
| Experience adjustments on plan assets gain / (loss) | (8.53) | (10.77) | (18.89) | (25.00) | (34.22) |

## 35) Securitisation / assignment transactions :

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 27907 contracts (March 2014: 47122 contracts) amounting to Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) for a consideration of Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs. 8,807.91 Lacs (March 2014 : Rs. 4,189.65 Lacs) considered no longer necessary (refer Accounting policy 4 (vii) A (iii)).

c) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent

amount of unrealised gains has been recognised as liabilities (refer note no. 6 and 10).

d) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 11,024.71 Lacs (March 2014 : Rs. 5,146.47 Lacs).

e) During the year, the Company has without recourse assigned loan receivables of NIL contracts (March 2014: 6490 contracts) amounting to Rs. NIL (March 2014 : Rs. 19,850.83 Lacs) for a consideration of Rs. NIL (March 2014 : Rs. 15,554.19 Lacs) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs. Nil (March 2014: Rs.1,985.08 Lacs) (equivalent to 10% of the receivables) have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 15 and 20).

The amount of profit in cash of Rs. Nil (March 2014: Rs.314.94 Lacs) on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 6 and 10).

f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

| S. No. | Particulars | | | As at March 31, 2015 | As at March 31, 2014 |
|---|---|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitization transactions | | | 12 | 8 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | | | 1,54,321.26 | 1,92,645.41 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | | | |
| | a) | Off-balance sheet exposures | | | |
| | | * | First loss - Credit enhancement in the form of corporate undertaking | 8,307.81 | 4,782.00 |
| | | * | Others | | - |
| | b) | On-balance sheet exposures | | | |
| | | * | First loss – Cash collateral term deposits with banks (refer note no.17 (a) (ii)) | 20,085.00 | 18,040.00 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | * | | Others –<br>Retained interest in Pass Through Certificates (refer note no.13 and 18) | 1,242.81 | 2,213.95 |
| 4 | Amount of exposures to securitization transactions other than MRR | | | | | |
| | a) | Off-balance sheet exposures | | | - | - |
| | | i) | Exposure to own securitizations | | | |
| | | | * | First loss | - | - |
| | | | * | Loss | - | - |
| | | ii) | Exposure to third party securitizations | | | |
| | | | * | First loss | - | - |
| | | | * | Others – Excess Interest Spread | 27,176.87 | 25,938.12 |
| | b) | On-balance sheet exposures | | | | |
| | | i) | Exposure to own securitizations | | | |
| | | | * | First loss | - | - |
| | | | * | Others – Cash collateral term deposits with banks | 2,000.00 | 2,156.00 |
| | | ii) | Exposure to third party securitizations | | | |
| | | | * | First loss | - | - |
| | | | * | Others | - | - |

g) Details of Assignment transactions undertaken by NBFCs (during the year)

| **Particulars** | | **As at March 31, 2015** | **As at March 31, 2014** |
|---|---|---|---|
| (i) | No. of accounts | - | 6490 |
| (ii) | Aggregate value (net of provisions) of accounts sold | - | 19,850.83 |
| (iii) | Aggregate consideration | - | 15,554.19 |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |

**36) Secured long-term borrowings** :

i) **Secured non-convertible debentures**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b)Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 8.70%-8.95% | 53,000.00 | - | 53,000.00 |
| Maturity between 3 years to 5 years | 8.65%-10.25% | 1,22,760.00 | - | 1,22,760.00 |
| Maturity between 1 year to 3 years | 8.65%-10.20% | 1,81,280.00 | - | 1,81,280.00 |
| Maturity within 1 year | 8.60%-9.95% | - | 1,52,270.00 | 1,52,270.00 |
| **TOTAL AT FACE VALUE** | | **3,57,040.00** | **1,52,270.00** | **5,09,310.00** |
| **Less: Unamortised discounting charges** | | 5,169.00 | 196.13 | 5,365.13 |
| **Total redemption value, net of unamortized discounting charges** | | **3,51,871.00** | **1,52,073.87** | **5,03,944.87** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b)Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 3 years to 5 years | 9.25%-10.25% | 44,550.00 | - | 44,550.00 |
| Maturity between 1 year to 3 years | 9.00%-10.20% | 2,52,470.00 | - | 2,52,470.00 |
| Maturity within 1 year | 9.04%-10.25% | - | 1,69,020.00 | 1,69,020.00 |
| | | **2,97,020.00** | **1,69,020.00** | **4,66,040.00** |
| **2) Repayable in yearly installments :** | | | | |
| Maturity between 1 year to 3 years | 9.95% | 24,500.00 | - | 24,500.00 |
| Maturity within 1 year | 9.95%-13.00% | - | 14,500.00 | 14,500.00 |
| **Total** | | **24,500.00** | **14,500.00** | **39,000.00** |
| **TOTAL AT FACE VALUE (1 + 2)** | | **3,21,520.00** | **1,83,520.00** | **5,05,040.00** |
| **Less: Unamortised discounting charges** | | 1,347.33 | 1,111.82 | 2,459.15 |
| **Total redemption value, net of unamortized discounting charges** | | **3,20,172.67** | **1,82,408.18** | **5,02,580.85** |

ii) **Secured term loans from banks :**

**As on 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 3 years | 10.25% | 30,000.00 | - | 30,000.00 |
| Maturity between 1 year to 3 years | 9.70%-10.30% | 2,37,500.00 | - | 2,37,500.00 |
| Maturity within 1 year | 9.45%-10.40% | - | 1,27,000.00 | 1,27,000.00 |
| **Total** | | **2,67,500.00** | **1,27,000.00** | **3,94,500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly-** | | | | |
| Maturity within 1 year | 10.25% | - | 6,200.00 | 6,200.00 |
| **Total** | | **-** | **6,200.00** | **6,200.00** |
| | | | | |
| **ii) Quarterly-** | | | | |
| Maturity beyond 3 years | 10.00% | 3,095.24 | - | 3,095.24 |
| Maturity between 1 year to 3 years | 9.95%-10.80% | 1,00,768.46 | - | 1,00,768.46 |
| Maturity within 1 year | 9.95%-10.80% | - | 36,054.34 | 36,054.34 |
| **Total** | | **1,03,863.70** | **36,054.34** | **1,39,918.04** |
| **iii) Half-yearly-** | | | | |
| Maturity beyond 3 years | 10.25% | 21,666.67 | - | 21,666.67 |
| Maturity between 1 year to 3 years | 10.0%-10.25% | 2,26,066.67 | - | 2,26,066.67 |
| Maturity within 1 year | 10.0%-10.25% | - | 1,67,200.00 | 1,67,200.00 |
| **Total** | | **2,47,733.33** | **1,67,200.00** | **4,14,933.33** |
| **iv) Yearly-** | | | | |
| Maturity beyond 3 years | 10.20%-10.25% | 55,333.33 | - | 55,333.33 |
| Maturity between 1 year to 3 years | 10.20%-10.25% | 1,13,166.67 | - | 1,13,166.67 |
| Maturity within 1 year | 10.25% | - | 7,500.00 | 7,500.00 |
| **Total** | | **1,68,500.00** | **7,500.00** | **1,76,000.00** |
| **Total for repayable in installments** | | **5,20,097.03** | **2,16,954.34** | **7,37,051.37** |
| **Total (1+2)** | | **7,87,597.03** | **3,43,954.34** | **11,31,551.37** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 3 years | 10.20% - 10.25% | 73,500.00 | - | 73,500.00 |
| Maturity between 1 year to 3 years | 9.70% - 10.40% | 2,94,000.00 | - | 2,94,000.00 |
| Maturity within 1 year | 7.75% - 10.35% | - | 62,500.00 | 62,500.00 |
| **Total** | | **3,67,500.00** | **62,500.00** | **4,30,000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly-** | | | | |
| Maturity between 1 year to 3 years | 10.25% | 6,200.00 | - | 6,200.00 |
| Maturity within 1 year | - | - | - | - |
| **Total** | | **6,200.00** | **-** | **6,200.00** |
| | | | | |
| **ii) Quarterly-** | | | | |
| Maturity beyond 3 years | 10.00% | 27,445.87 | - | 27,445.86 |
| Maturity between 1 year to 3 years | 10.00% - 10.80% | 54,972.18 | - | 54,972.18 |
| Maturity within 1 year | 10.00% - 10.80% | - | 49,167.42 | 49,167.42 |
| **Total** | | **82,418.04** | **49,167.42** | **1,31,585.47** |
| **iii) Half-yearly-** | | | | |
| Maturity beyond 3 years | 10.25% | 85,233.33 | - | 85,233.33 |
| Maturity between 1 year to 3 years | 10.20% - 10.25% | 3,30,533.34 | - | 3,30,533.33 |
| Maturity within 1 year | 10.20% - 10.25% | - | 1,45,533.33 | 1,45,533.33 |
| **Total** | | **4,15,766.67** | **1,45,533.33** | **5,61,300.00** |
| **iv) Yearly-** | | | | |
| Maturity beyond 3 years | 10.20% - 10.25% | 81,666.66 | - | 81,666.66 |
| Maturity between 1 year to 3 years | 10.20% - 10.25% | 73,333.33 | - | 73,333.33 |
| Maturity within 1 year | 9.25% - 10.25% | - | 55,000.00 | 55,000.00 |
| **Total** | | **1,54,999.99** | **55,000.00** | **2,09,999.99** |
| **Total for repayable in installments** | | **6,59,384.70** | **2,49,700.76** | **9,09,085.46** |
| **Total (1+2)** | | **10,26,884.70** | **3,12,200.76** | **13,39,085.46** |

iii) **Secured term loans from others :**

**As on 31 March, 2015** **Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.15%-10.05% | 2,305.80 | - | 2,305.80 |
| Maturity between 3 years to 5 years | 9.15%-10.05% | 7,786.39 | - | 7,786.39 |
| Maturity between 1 year to 3 years | 6.00%-10.15% | 11,590.30 | - | 11,590.30 |
| Maturity within 1 year | 6.00%-10.30% | - | 7,039.44 | 7,039.44 |
| **Total for repayable on installments** | | **21,682.49** | **7,039.44** | **28,721.93** |

**As at 31 March, 2014** **Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.45%-10.25% | 3,579.68 | - | 3,579.68 |
| Maturity between 3 years to 5 years | 6.5%-10.25% | 8,554.79 | - | 8,554.79 |
| Maturity between 1 year to 3 years | 6%-10.30% | 11,409.66 | - | 11,409.66 |
| Maturity within 1 year | 6%-10.30% | - | 6,219.68 | 6,219.68 |
| **Total for repayable on installments** | | **23,544.13** | **6,219.68** | **29,763.81** |

iv) **Foreign currency loans from banks**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | 8.95% | 12,500.00 | | 12,500.00 |
| Maturity within 1 year | 9.05%-9.98% | - | 42,044.47 | 42,044.47 |
| **Total** | | **12,500.00** | **42,044.47** | **54,544.47** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | 9.05%-9.98% | 40,305.51 | | 40,305.51 |
| Maturity within 1 year | 9.60% | - | 11,983.00 | 11,983.00 |
| **Total** | | **40,305.51** | **11,983.00** | **52,288.51** |

v) **Foreign currency loans from others**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.69% | 4,045.72 | - | 4,045.72 |
| Maturity between 3 years to 5 years | 1.99% - 3.69% | 22,282.02 | - | 22,282.02 |
| Maturity between 1 year to 3 years | 1.99% - 3.69% | 48,773.57 | - | 48,773.67 |
| Maturity within 1 year | 1.99% - 3.69% | - | 35,853.50 | 35,853.50 |
| **Total** | | **75,101.31** | **35,853.50** | **1,10,954.81** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.17% | 2,980.32 | - | 2,980.32 |
| Maturity between 3 years to 5 years | 1.99% - 3.17% | 13,942.47 | - | 13,942.47 |
| Maturity between 1 year to 3 years | 1.99% - 3.17% | 31,626.30 | - | 31,626.30 |
| Maturity within 1 year | 1.99% - 3.17% | - | 22,539.68 | 22,539.68 |
| **Total** | | **48,549.09** | **22,539.68** | **71,088.77** |

**37) Unsecured borrowings** :

**i) Subordinated debts (long-term)**
**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 9.18%-10.50% | 78,550.00 | - | 78,550.00 |
| Maturing between 3 years to 5 years | 9.85%-11.75% | 15,480.00 | - | 15,480.00 |
| Maturing between 1 year to 3 years | 10.50%-12.00% | 6,880.00 | - | 6,880.00 |
| **TOTAL** | | **1,00,910.00** | **-** | **1,00,910.00** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 9.50%-10.50% | 71,550.00 | - | 71,550.00 |
| Maturing between 3 years to 5 years | 10.50%-12.00% | 7,860.00 | - | 7,860.00 |
| **TOTAL** | | **79,410.00** | **-** | **79,410.00** |

**ii) Term loan from banks**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10,000.00 |
| | | **10,000.00** | **-** | **10,000.00** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10,000.00 |
| | | **10,000.00** | **-** | **10,000.00** |

**iii) Fixed deposits**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | (a) Short-Term | (b) Non-current | (c) Current Maturity | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.90%-10.10% | 0.00 | 6,561.15 | 0 | 6,561.15 |
| b) Maturing between 1 year to 3 years | 9.15%-10.60% | 0.00 | 3,15,132.68 | 0 | 3,15,132.68 |
| c) Maturing within 1 year | 8.40%-10.75% | 6,943.06 | 0 | 1,29,621.50 | 1,36,564.56 |
| **TOTAL** | | **6,943.06** | **3,21,693.83** | **1,29,621.50** | **4,58,258.39** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturity | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 9.4%-10.25% | - | 4,608.37 | - | 4,608.37 |
| Maturing between 1 year to 3 years | 8.65%-10.75% | - | 2,70,554.77 | - | 2,70,554.77 |
| Maturing within 1 year | 8.65%-10.75% | 5,931.15 | - | 76,425.51 | 82,356.66 |
| **TOTAL** | | **5,931.15** | **2,75,163.14** | **76,425.51** | **3,57,519.80** |

**38) Short – term borrowings**

**i) Secured term loans from banks and cash credit facilities**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 14.00%-10.15% | 1,35,354.56 |
| **TOTAL** | | **1,35,354.56** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 10.5%-13.25% | 1,14,232.21 |
| **TOTAL** | | **1,14,232.21** |

**ii) Foreign currency loans from others (secured)**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.60% | 36,064.98 |
| **TOTAL** | | **36,064.98** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | **Total** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.63% | 28,664.24 |
| **TOTAL** | | **28,664.24** |

**iii) Unsecured term loans from banks**

**As at 31 March, 2015**

**Rs. in lakhs**

| | **Rate range** | **(a) Non-current** | **(b) Current** | **Total** |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10,000.00 |
| | | **10,000.00** | **-** | **10,000.00** |

**As at 31 March, 2014**

**Rs. in lakhs**

| | **Rate range** | **(a) Non-current** | **(b) Current** | **Total** |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 9.75% | - | 2,200.00 | 2,200.00 |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10,000.00 |
| | | **10,000.00** | **2,200.00** | **12,200.00** |

**iv) Commercial papers**

**As at 31 March, 2015**

**Rs. in lakhs**

| | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.88%-9.15% | 3,47,500.00 |
| **TOTAL AT FACE VALUE** | | **3,47,500.00** |
| **Less: Unamortised discounting charges** | | 5,431.44 |
| **Total redemption value, net of unamortized discounting charges** | | **3,42,068.56** |

**As at 31 March, 2014: Nil**

**39)** The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of The Companies Act, 2013 is not given.

**40)** During the year, the Company has incurred expenditure of Rs. 2,532.24 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 28).

**41)** MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2015 is Rs. 283.57 Lacs (previous year Rs. 140.91 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

Rs. in lakhs

| | Standard | Sub Standard | Doubtful | Loss |
|---|---|---|---|---|
| Provisions made : | | | | |
| **As at March 31, 2015** | | | | |
| Housing loans | 790.30 | 1,438.36 | 1,267.68 | 80.34 |
| Other loans | 1.35 | - | - | - |
| **As at March 31, 2014** | | | | |
| Housing loans | 516.90 | 857.61 | 397.04 | 152.33 |
| Other loans | 0.92 | - | - | - |

**42)** Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**43)** SCHEME OF AMALGAMATION

a. Scheme details and balance sheet position:

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the '"Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of the MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relatable to the said business is transferred to and vested in and / or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme as under:

Rs. in lakhs

| **Particulars** | **As at April 01, 2014** |
|---|---|
| Assets | 1,837.54 |
| Liabilities | 1,837.54 |
| **Net amount adjusted in opening balance of surplus in the statement of profit and loss** | **529.87** |

b. Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

c. Accounting:

a. The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their existing carrying amount.

b. 1,00,000 Equity Shares of Rs.10/- each fully paid up in MBCSPL, held as investment by the Company stand cancelled and the difference, if any, is debited to opening balance of surplus in the statement of profit and loss.

c. All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stands cancelled and there shall be no obligation/ outstanding in that behalf.

d. In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore the certain figures may not be exactly comparable with the previous year's figures.

**44)** The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

**45)** The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

**46)** As per section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

**47)** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**48)** In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

**49) Disclosure on Derivatives :**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on 31 March, 2015**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 872.71 Lacs (March 2014 : US $ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2015.

**50)** There were 119 cases (March 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs. 107.39 Lacs (March 2014: Rs 46.38 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**51)** The gold loans outstanding as a percentage of total assets is at 0.02% (March 2014: 0.03%)

**52)** The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The company has appointed an expert to consult on the matter, who have opined that the company has a strong case on merits to defend and the chances of getting an unfavourable outcome is remote.

**53)** Related Party Disclosure as per Accounting Standard 18:

**A) List of the related parties which has transaction with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra & Mahindra Limited |
| **Fellow subsidiary Companies :** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Holidays and Resorts India Ltd.<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra First Choice Services Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related Parties transactions are as under:**

| Sr. No | Nature of transactions | Holding Company | Fellow subsidiary Companies | Key Management Personnel* |
|---|---|---|---|---|
| 1 | Income | | | |
| | Loan income | -<br>- | 3.52<br>(1.79) | -<br>- |
| | Subvention income | 3,663.07<br>(2,322.68) | -<br>- | |
| | Other income | 64.21<br>(1.02) | -<br>(54.11) | -<br>- |

| | | | | |
|---|---|---|---|---|
| 2 | Expenses<br>Interest | -<br>(339.45) | -<br>- | 20.11<br>(18.09) |
| | Other Expenses | 1,503.21<br>(1,414.56) | 432.33<br>(168.99) | -<br>- |
| | Remuneration to MD | -<br>- | -<br>- | 657.05<br>(394.88) |
| 3 | Purchase of Fixed Assets | 413.60<br>(524.84) | -<br>(9.51) | -<br>- |
| 4 | Finance<br>Fixed deposits taken | -<br>- | -<br>- | 202.90<br>(207.50) |
| | Fixed deposits repaid | -<br>- | -<br>- | 188.25<br>(187.50) |
| | Dividend paid – for previous year | 11,065.89<br>(10,483.48) | -<br>- | 23.71<br>(18.99) |
| | Inter corporate deposits taken | -<br>(50,000.00) | -<br>- | -<br>- |
| | Inter corporate deposits repaid | -<br>(50,000.00) | -<br>- | -<br>- |
| 5 | Other transactions<br>Reimbursement from parties | -<br>(112.54) | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | 119.72<br>(113.75) | -<br>- |
| 6 | Balances as at the end of the period<br>Receivables | 1,234.25<br>(363.69) | -<br>(1,091.74) | -<br>- |
| | Loan given (including interest accrued but not due) | -<br>- | 43.29<br>- | -<br>- |
| | Payables | -<br>- | 157.98<br>(107.79) | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | -<br>- | 231.80<br>(214.83) |

Notes:

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

## C) The significant related party transactions are as under:

| The significant related party transactions are as under: | | | | |
|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Fellow subsidiary Companies** | **Key Management Personnel*** |
| **Income** | | | | |
| **Revenue from operations** | | | | |
| Subvention income | Mahindra & Mahindra Limited | 3,663.07 | - | - |
| | | (2,322.68) | - | - |
| Loan income | Mahindra Retail Pvt Ltd | - | 3.28 | - |
| | | - | - | - |
| **Expenses** | | | | |
| **Other expenses** | | | | |
| Commission & Valuation charges | Mahindra First Choice Wheels Limited | - | 417.19 | - |
| | | - | (157.88) | - |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 413.60 | - | - |
| | | (421.36) | - | - |
| **Finance** | | | | |
| Fixed Deposits | Ramesh Iyer and relatives | - | - | 202.90 |
| | | - | - | (207.50) |
| Fixed deposits matured | Ramesh Iyer and relatives | - | - | 188.25 |
| | | - | - | (187.50) |
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,065.89 | - | - |
| | | (10,483.48) | - | - |
| **Balances at the year end** | | | | |
| Receivables | Mahindra & Mahindra Limited | 1,234.25 | - | - |
| | | (363.69) | - | - |
| Loan outstanding | Mahindra Retail Pvt Ltd | - | 30.08 | - |
| | | - | - | - |

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

**54) Contingent liabilities and commitments (to the extent not provided for)**

Rs. in lakhs

| | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|
| **Contingent liabilities** | | |
| a) Demand against the Company not acknowledged as debts - | | |
| i) Income tax | 4,416.81 | 7,476.77 |
| ii) Value Added Tax (VAT) | 191.98 | 60.92 |
| b) Corporate guarantees towards assignment transactions | 31,338.63 | 55,631.29 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 34 (f)) | 8,307.81 | 4,782.00 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 3,126.01 | 2,755.55 |
| | 47,381.24 | 70,706.46 |
| **Commitments** | | |
| a) Estimated amount of contracts remaining to be executed on capital account | 606.62 | 445.74 |
| (b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share) | - | 2,190.00 |
| | 606.62 | 2,635.74 |
| **Total** | **47,987.86** | **73,342.20** |

**55) Changes in provisions :**

Rs. in lakhs

| | As at 01.04.2014 | Additional Provision | Utilisation/ Reversal | As at 31.03.2015 |
|---|---|---|---|---|
| Provision for Standard assets | 12,142.82 | 1,330.83 | - | 13,473.65 |
| Provision for Non-performing assets | 65,207.86 | 63,492.57 | 28,745.34 | 99,955.09 |

**56)** Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in “Others” represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report :

Rs. in lakhs

| | Year ended 31 March 2015 | | | Year ended 31 March 2014 | | |
|---|---|---|---|---|---|---|
| | **Financing activities** | **Other reconciling items** | **Total** | **Financing activities** | **Other reconciling items** | **Total** |
| External revenue | 5,96,345.22 | 9,745.34 | 6,06,090.56 | 5,20,167.77 | 9,887.51 | 5,30,055.28 |
| Inter segment revenue | 1,938.24 | 2,875.03 | 4,813.27 | 1,377.80 | 18,067.13 | 19,444.93 |
| **Total revenue** | **5,98,283.46** | **12,620.37** | **6,10,903.83** | **5,21,545.57** | **27,954.64** | **5,49,500.21** |
| Segment results (Profit before tax and after interest on financing segment) | 1,33,467.22 | 6,519.64 | 1,39,986.86 | 1,39,338.73 | 6,928.56 | 1,46,267.29 |
| Less: Interest on unallocated reconciling items | - | - | - | - | 114.54 | 114.54 |
| **Net Profit before tax** | **1,33,467.22** | **6,519.64** | **1,39,986.86** | **1,39,338.73** | **6,814.02** | **1,46,152.75** |
| Less: Income taxes | - | - | 47,500.11 | - | - | 49,675.33 |
| **Net profit** | **-** | **-** | **92,486.75** | **-** | **-** | **96,477.42** |
| **Other information:** | | | | | | |
| Segment assets | 38,25,440.90 | 1,735.87 | 38,27,176.77 | 33,64,910.73 | 2,098.08 | 33,67,008.81 |
| Unallocated corporate assets | | | 48,469.25 | | | 38,740.65 |
| **Total assets** | **38,25,440.90** | **1,735.87** | **38,75,646.02** | **33,64,910.73** | **2,098.08** | **34,05,749.46** |
| Segment liabilities | 32,48,207.89 | 1,062.22 | 32,49,270.11 | 28,71,477.47 | 1,254.64 | 28,72,732.11 |
| Unallocated corporate liabilities | - | - | - | - | - | - |
| **Total liabilities** | **32,48,207.89** | **1,062.22** | **32,49,270.11** | **28,71,477.47** | **1,254.64** | **28,72,732.11** |
| Capital expenditure | 4,053.74 | 164.62 | 4,218.36 | 4,279.71 | 46.59 | 4,326.30 |
| Depreciation / amortisation | 4,426.64 | 124.12 | 4,550.76 | 2,572.84 | 35.21 | 2,608.05 |
| Non cash expenditure other than depreciation | 37,243.79 | 152.29 | 37,396.08 | 28,060.24 | 41.54 | 28,101.78 |

**57)** Disclosure required under Schedule III of Companies Act, 2013

Rs. in lakhs

| Name of Entity | Net Assets | | Share in profit or loss | |
|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| **Parent** | | | | |
| Mahindra & Mahindra Financial Services Limited | 95.63% | 5,73,002.49 | 89.12% | 82,422.16 |
| | | | | |
| **Subsidiaries** | | | | |
| **a) Indian** | | | | |
| 1. Mahindra Insurance Brokers Limited | 1.75% | 10,466.17 | 3.95% | 3,649.54 |
| 2. Mahindra Rural Housing Finance Limited | 1.29% | 7,751.09 | 4.18% | 3,865.17 |
| 3. Mahindra Asset Management Company Limited | 0.00% | -6.27 | -0.01% | -5.78 |
| 4. Mahindra Trustee Company Private Limited | 0.00% | -2.53 | 0.00% | -2.53 |
| | | | | |
| **b) Foreign** | | | | |
| Minority Interests in all Subsidiaries | 0.82% | 4,929.6 | 1.29% | 1,196.21 |
| | | | | |
| **Joint Ventures (as per** | | | | |
| **proportionate consolidation /** | | | | |
| **investment as per the equity method) :** | | | | |
| **a) Indian** | - | - | - | - |
| **b) Foreign** | | | | |
| Mahindra Finance USA, LLC | 0.51% | 3,060.75 | 1.47% | 1,361.98 |
| **TOTAL** | **100.00%** | **5,99,201.30** | **100.00%** | **92,486.75** |

**58)** MAMCL was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as an investment manager to the proposed “Mahindra Mutual Fund”. The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

**59)** MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed “Mahindra Mutual Fund”. The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

**60)** Previous year figures have been regrouped / reclassified wherever found necessary.

**For FY 2013-14:**

**31) Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,30,37,934 equity shares to employees up to 31st March, 2014, of which 5,04,944 equity shares were issued during the current year.

The details of Employees stock option schemes are as under:

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 6 years from the date of grant |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 1,17,625 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated 22nd July, 2013** | **Grant dated 21st October, 2013** |
|---|---|---|
| No. of options granted | 48130 | 69495 |
| | | |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 210.35 | 270.40 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 101.24 | 187.92 |
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 34.67 | 40.38 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | Nil | 11.05 |
| Unamortized amount carried forward (Rs. in Lacs) | 66.57 | 136.48 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting period in years** | **Grant dated 22nd July, 2013** | | **Grant dated 21st October, 2013** | |
|---|---|---|---|---|
| | Expected Vesting (no. of options) | Fair Value (Rs.) | Expected Vesting (no. of options) | Fair Value (Rs.) |
| 1 | 9626 | 198.64 | 13899 | 259.46 |
| 2 | 9626 | | 13899 | |
| 3 | 9626 | | 13899 | |
| 4 | 9626 | | 13899 | |
| 5 | 9626 | | 13899 | |
| | **48130** | | **69495** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables** | **Grant dated 22nd July, 2013** | **Grant dated 21st October, 2013** |
|---|---|---|
| 1) Risk free interest rate | 7.61% | 8.60% |
| 2) Expected life | 3.5 years | 3.25 years |
| 3) Expected volatility | 35.53% | 39.27% |
| 3) Dividend yield | 1.70% | 1.32% |
| 4) Price of the underlying share in the market at the time of option grant (Rs.) | 212.35 | 272.40 |

c) Summary of stock options

| **Summary of Stock Options** | **As at 31 March 2014** | |
|---|---|---|
| | **No. of stock options** | **Weighted average exercise price (Rs.)** |
| Options outstanding at the beginning of the year | 16,44,675 | 21.61 |
| Options granted during the year | 1,17,625 | 2.00 |
| Options forfeited/lapsed during the year # | 94,107 | 37.64 |
| Options exercised during the year | 5,04,944 | 34.57 |
| Options outstanding at the end of the year | 11,63,249 | 12.70 |
| Options vested but not exercised at the end of the year | 4,36,039 | 30.55 |

# including 4085 options forfeited/lapsed out of the options granted during the year

d) Information in respect of options outstanding :

| Grant date / Exercise price | As at 31 March 2014 | |
|---|---|---|
| | No. of stock options | Weighted average remaining life |
| **Scheme 2005 :** | | |
| 24th July, 2007 at Rs.42.20 | - | - |
| 25th March, 2008 at Rs.60.80 | - | - |
| 18th September, 2008 at Rs.46.60 | 2,79,150 | 5 months |
| (a) | 2,79,150 | |
| **Scheme 2010 :** | | |
| 7th February, 2011 at Rs.2.00 | 6,34,749 | 18 months |
| 25th January, 2012 at Rs.2.00 | 1,35,810 | 26 months |
| 22nd July, 2013 at Rs.2.00 | 48,130 | 34 months |
| 21st October, 2013 at Rs.2.00 # | 65,410 | 37 months |
| (b) | 8,84,099 | |
| **Total (a + b)** | **11,63,249** | |

# net of 4085 options forfeited/lapsed out of the options granted during the year.

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of exercise | Average share price (Rs.) |
|---|---|
| 25-Apr-2013 | 228.46 |
| 16-May-2013 | 251.69 |
| 20-Jun-2013 | 266.69 |
| 19-Jul-2013 | 251.01 |
| 20-Aug-2013 | 240.09 |
| 21-Aug-2013 | 234.40 |
| 23-Sep-2013 | 258.45 |
| 17-Oct-2013 | 270.36 |
| 22-Nov-2013 | 293.20 |
| 16-Dec-2013 | 303.71 |
| 17-Jan-2014 | 277.86 |
| 19-Feb-2014 | 254.59 |
| 21-Mar-2014 | 257.16 |
| 25-Mar-2014 | 253.40 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which

the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 31(h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| Variables | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 3) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 4) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 |
|---|---|---|---|---|
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% |
| 3) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% |
| 4) Price of the underlying share in the maket at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 |

h) Earnings per share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" as at 31 March 2014 is as follows:

| Particulars | Intrinsic Value Method | Fair Value Method * |
|---|---|---|
| Net profit after tax (Rs. in Lacs) | 95442.14 | 95473.03 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 563184678 | 563184678 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 16.95 | 16.95 |
| Diluted Earnings Per Share # (Rs.) | 16.78 | 16.79 |

# Dilution in Earnings per share is on account of 52,39,841 equity shares held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.30.89 Lacs.

**32) Loan provisions and write offs**

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31 March, 2014 is Rs. 35253.77 Lacs.

b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 2110.00 Lacs, including additional / accelerated provision of Rs. 3568.00 Lacs (refer note no. 27).

The total amount of provision on Standard assets of Rs.11625.00 Lacs is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 6 and 10). The said amount includes additional / accelerated provision of 0.15% for Rs.4370.00 Lacs as at 31st March, 2014.

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

**33)** MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

**Classification of loans are given below:**

Rs. in lakhs

| | **Standard assets** | **Sub standard assets** | **Bad and doubtful assets** | **Total** |
|---|---|---|---|---|
| | | | | |
| **As at 31 March 2014** | | | | |
| Housing loans | 129200.71 | 4923.87 | 1372.19 | 135,496.77 |
| Other loans | 227.74 | - | - | 227.74 |
| Percentage to total loans | 95.36% | 3.63% | 1.01% | 100.00% |

**34) Employee Benefits :**

**Defined benefit plans – as per actuarial valuation:**
**Leave Benefits (Non-funded)**

Rs. in lakhs

| | | **As at 31 March 2014** |
|---|---|---|
| | | |
| I. | Expense recognised in the Statement of Profit and Loss for the year ended 31st March | |
| | Current service cost | 1060.34 |
| | Interest cost | 171.65 |
| | Expected return on plan assets | 0.00 |
| | Actuarial (Gains)/Losses | (812.68) |
| | Total expense | **419.30** |
| | | |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | |
| | Present Value of Defined Benefit obligation as at 31st March | 1194.65 |
| | Fair value of plan assets as at 31st March | - |

| | | |
|---|---|---|
| | Funded status (Surplus/(Deficit)) | (1194.65) |
| | Net asset/(liability) as at 31st March | **(1194.65)** |
| III. | Change in the obligations during the year ended 31st March | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 950.53 |
| | Current service cost | 1060.34 |
| | Interest cost | 171.65 |
| | Actuarial (Gains)/Losses | (812.68) |
| | Benefits paid | (175.19) |
| | Present Value of Defined Benefit obligation at the end of the period | **1194.65** |
| | | |
| IV. | Major category of plan assets as a percentage of total plan | |
| | Funded with LIC | - |
| | Others | |
| | | |
| V. | Actuarial Assumptions | |
| | Discount Rate (p.a.) | 8% |
| | Rate of Salary increase (p.a.) | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate |

**Gratuity (funded):**

Rs. in lakhs

| | | **As at 31 March 2014** |
|---|---|---|
| I. | Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March | |
| | Current service cost | 838.04 |
| | Interest cost | 94.61 |
| | Expected return on plan assets | (90.83) |
| | Actuarial (Gains)/Losses | (408.01) |
| | Adjustment due to change in opening balance of plan assets | (193.03) |
| | Total expense | **240.77** |
| | | |
| II. | Net asset/(liability) recognised in the Balance Sheet as at 31st March | |
| | Present Value of Defined Benefit obligation as at 31st March | 1371.09 |
| | Fair value of plan assets as at 31st March | 1320.08 |
| | Funded status (Surplus/(Deficit)) | (51.01) |
| | Net asset/(liability) as at 31st March | **(51.01)** |
| | | |
| III. | Change in the obligations during the year ended 31st March | |
| | Present Value of Defined Benefit obligation at the beginning of the year | 1046.46 |
| | Current service cost | 838.04 |
| | Interest cost | 94.61 |
| | Actuarial (Gains)/Losses | (488.66) |
| | Benefits paid | (119.36) |
| | Present Value of Defined Benefit obligation at the end of the period | **1371.09** |
| | | |
| IV. | Change in the fair value of plan assets during the year ended 31st March | |

| | | |
|---|---|---|
| | Fair value of plan assets at the beginning of the year | 967.88 |
| | Expected return on plan assets | 90.83 |
| | Contributions by employer | 271.57 |
| | Actuarial (Gains)/Losses | (85.00) |
| | Adjustment due to change in opening balance of Plan assets | 193.03 |
| | Actual Benefits paid | (118.24) |
| | Fair value of plan assets at the end of the year | **1320.08** |
| | | |
| V. | Major category of plan assets as a percentage of total plan | |
| | Funded with LIC | 100% |
| | | |
| VI. | Actuarial Assumptions | |
| | Discount Rate (p.a.) | 8% |
| | Expected rate of return on plan assets (p.a.) | 8% |
| | Rate of Salary increase (p.a.) | 5% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate |

**Experience Adjustments (Gratuity)**

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** |
| Defined Benefit obligation at the end of the year | 374.27 | 489.26 | 764.35 | 1,046.46 | 1,371.09 |
| Plan assets at the end of the year | 342.02 | 428.44 | 564.89 | 967.88 | 1,320.08 |
| Funded status Surplus / (Deficit) | (32.25) | (60.82) | (199.46) | (78.58) | (51.01) |
| Experience adjustments on plan liabilities (gain) / loss | (43.39) | (56.66) | (112.32) | (111.33) | (65.61) |
| Experience adjustments on plan assets gain / (loss) | (6.69) | (8.53) | (10.77) | (18.89) | (25.00) |

**35) Securitisation / assignment transactions :**

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 47122 contracts amounting to Rs. 126292.70

Lacs for a consideration of Rs.126292.70 Lacs and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs.4189.65 Lacs considered no longer necessary (refer Accounting policy 4 (vi) A (iii)).

c) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 15 and 20) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 6 and 10).

d) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.5146.47 Lacs.

e) During the year, the Company has without recourse assigned loan receivables of 6490 contracts amounting to Rs.19850.83 Lacs for a consideration of Rs.15554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs.1985.08 Lacs equivalent to 10% of the receivables have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 15 and 20).

The amount of profit in cash of Rs.314.94 Lacs on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 6 and 10).

f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in lakhs

| S. No. | Particulars | | | As at 31 March 2014 |
|---|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitization transactions | | | 8 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | | | 192645.41 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | | |
| | a) | Off-balance sheet exposures | | |
| | | * | First loss - Credit enhancement in the form of corporate undertaking | 4782.00 |

| | | | | | |
|---|---|---|---|---|---|
| | | * | | Others | - |
| | b) | On-balance sheet exposures | | | |
| | | * | | First loss –<br>Cash collateral term deposits with banks (refer note no.17 (a) (ii)) | 18040.00 |
| | | * | | Others –<br>Retained interest in Pass Through Certificates (refer note no.13 and 18) | 2213.95 |
| 4 | Amount of exposures to securitization transactions other than MRR | | | | |
| | a) | Off-balance sheet exposures | | | - |
| | | i) | Exposure to own securitizations | | |
| | | | * | First loss | - |
| | | | * | Loss | - |
| | | ii) | Exposure to third party securitizations | | |
| | | | * | First loss | - |
| | | | * | Others | - |
| | b) | On-balance sheet exposures | | | |
| | | i) | Exposure to own securitizations | | |
| | | | * | First loss | - |
| | | | * | Others –<br>Cash collateral term deposits with banks (refer note no.17 (a) (ii)) | 2156.00 |
| | | ii) | Exposure to third party securitizations | | |
| | | | * | First loss | - |
| | | | * | Others | - |

**36) Secured long-term borrowings** :

i) **Secured non-convertible debentures**

**As at 31 March, 2014**

**Rs. in lakhs**

| | **Rate range** | **(a)Non-current** | **(b)Current maturity** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 3 years to 5 years | 9.25% - 10.25% | 44550.00 | - | 44550.00 |
| Maturity between 1 year to 3 years | 9.00% - 10.20% | 252470.00 | - | 252470.00 |
| Maturity within 1 year | 9.04% - 10.25% | - | 169020.00 | 169020.00 |
| **Total** | | **297020.00** | **169020.00** | **466040.00** |

| | | | | |
|---|---|---|---|---|
| **2) Repayable in installments :** | | | | |
| **Yearly installments -** | | | | |
| Maturity between 1 year to 3 years | 9.95% | 24500.00 | - | 24500.00 |
| Maturity within 1 year | 9.95% - 13.00% | - | 14500.00 | 14500.00 |
| **Total** | | **24500.00** | **14500.00** | **39000.00** |
| **TOTAL AT FACE VALUE (1 + 2)** | | **3,21,520.00** | **1,83,520.00** | **5,05,040.00** |
| **Less: Unamortised discounting charges** | | 1,347.33 | 1,111.82 | 2,459.15 |
| **Total redemption value, net of unamortized discounting charges** | | **3,20,172.67** | **1,82,408.18** | **5,02,580.85** |

ii) **Secured term loans from banks :**

**As at 31 March, 2014**

**Rs. in lakhs**

| | **Rate range** | **(a) Non-current** | **(b) Current maturity** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 3 years | 10.20% - 10.25% | 73500.00 | - | 73500.00 |
| Maturity between 1 year to 3 years | 9.70% - 10.40% | 294000.00 | - | 294000.00 |
| Maturity within 1 year | 7.75% - 10.35% | - | 62500.00 | 62500.00 |
| **Total** | | **367500.00** | **62500.00** | **430000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly-** | | | | |
| Maturity between 1 year to 3 years | 10.25% | 6200.00 | - | 6200.00 |
| Maturity within 1 year | - | - | - | - |
| **Total** | | **6200.00** | **-** | **6200.00** |
| | | | | |
| **ii) Quarterly-** | | | | |
| Maturity beyond 3 years | 10.00% | 27445.87 | - | 27445.86 |
| Maturity between 1 year to 3 years | 10.00% - 10.80% | 54972.18 | - | 54972.18 |
| Maturity within 1 year | 10.00% - 10.80% | - | 49167.42 | 49167.42 |
| **Total** | | **82418.04** | **49167.42** | **131585.47** |

| | | | | |
|---|---|---|---|---|
| **iii) Half-yearly-** | | | | |
| Maturity beyond 3 years | 10.25% | 85233.33 | - | 85233.33 |
| Maturity between 1 year to 3 years | 10.20% - 10.25% | 330533.34 | - | 330533.33 |
| Maturity within 1 year | 10.20% - 10.25% | - | 145533.33 | 145533.33 |
| **Total** | | **415766.67** | **145533.33** | **561300.00** |
| **iv) Yearly-** | | | | |
| Maturity beyond 3 years | 10.20% - 10.25% | 81666.66 | - | 81666.66 |
| Maturity between 1 year to 3 years | 10.20% - 10.25% | 73333.33 | - | 73333.33 |
| Maturity within 1 year | 9.25% - 10.25% | - | 55000.00 | 55000.00 |
| **Total** | | **154999.99** | **55000.00** | **209999.99** |
| **Total for repayable in installments** | | **659384.70** | **249700.76** | **909085.46** |
| **Total (1+2)** | | **1026884.70** | **312200.76** | **1339085.46** |

iii) **Secured term loans from others :**

**As at 31 March, 2014**

**Rs. in lakhs**

| | **Rate range** | **(a) Non-current** | **(b) Current maturity** | **Total** |
|---|---|---|---|---|
| **1) Repayable on installments :** | | | | |
| Maturity beyond 5 years | 9.45% - 10.25% | 3579.68 | - | 3579.68 |
| Maturity between 3 years to 5 years | 6.5% - 10.25% | 8554.79 | - | 8554.79 |
| Maturity between 1 year to 3 years | 6% - 10.30% | 11409.66 | - | 11409.66 |
| Maturity within 1 year | 6% - 10.30% | - | 6219.68 | 6219.68 |
| **Total for repayable on installments** | | **23544.13** | **6219.68** | **29763.81** |

iv) **Foreign currency loans from banks**

**As at 31 March, 2014**

**Rs. in lakhs**

| | **Rate range** | **(a)Non-current** | **(b) Current maturity** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity between 1 year to 3 years | 9.05%-9.98% | 40305.51 | | 40305.51 |
| Maturity within 1 year | 9.60% | - | 11983.00 | 11983.00 |
| **Total** | | **40305.51** | **11983.00** | **52288.51** |

v) **Foreign currency loans from others**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a)Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturity beyond 5 years | 1.99% - 3.17% | 2980.32 | - | 2980.32 |
| Maturity between 3 years to 5 years | 1.99% - 3.17% | 13942.47 | - | 13942.47 |
| Maturity between 1 year to 3 years | 1.99% - 3.17% | 31626.30 | - | 31626.30 |
| Maturity within 1 year | 1.99% - 3.17% | - | 22539.68 | 22539.68 |
| **Total** | | **48549.09** | **22539.68** | **71088.77** |

**37) Unsecured borrowings** :

i) **Subordinated debts (long-term)**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| | | | | |
| Maturing beyond 5 years | 9.50%-10.50% | 71550.00 | - | 71550.00 |
| **Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 10.50%-12.00% | 7860.00 | - | 7860.00 |
| **TOTAL** | | **79410.00** | **-** | **79410.00** |

ii) **Term loan from banks**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10000.00 | - | 10000.00 |
| | | **10000.00** | **-** | **10000.00** |

**iii) Fixed deposits**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | (a) Short-Term | (b) Non-current | (c) Current maturity | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 9.4%-10.25% | - | 4608.37 | - | 4608.37 |
| Maturing between 1 year to 3 years | 8.65%-10.75% | - | 270554.77 | - | 270554.77 |
| Maturing within 1 year | 8.65%-10.75% | 5931.15 | - | 76425.51 | 82356.66 |
| **TOTAL** | | **5931.15** | **275163.14** | **76425.51** | **357519.80** |

**38) Short – term borrowings**

**i) Secured term loans from banks and cash credit facilities**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 10.5%-14% | 114232.21 |
| **TOTAL** | | **114232.21** |

**ii) Foreign currency loans from others (secured)**

**As at 31 March, 2014**

**Rs. in lakhs**

| | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 0.63% | 28664.24 |
| **TOTAL** | | **28664.24** |

**iii) Unsecured term loans from banks**

**As at31 March, 2014**

**Rs. in lakhs**

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.75% | 2200.00 |
| **TOTAL** | | **2200.00** |

**iv) Commercial papers**

**As at 31 March, 2014: NIL**

**39)** The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

**40)** MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2014 is Rs. 140.91 Lacs.

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

Rs. in lakhs

| | **Standard** | **Sub Standard** | **Doubtful** | **Loss** |
|---|---|---|---|---|
| Provisions made : | | | | |
| **As at 31 March 2014** | | | | |
| Housing loans | 516.90 | 857.61 | 397.04 | 152.33 |
| Other loans | 0.92 | | | |

**41)** Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**42)** The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

**43)** The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

**44)** As per section 29C (i) of the National Housing Bank Act, 1987, MRHFL is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by MRHFL under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. MRHFL has transferred amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at the year end. MRHFL does not anticipate any withdrawal from Special Reserve in foreseeable future.

**45)** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**46)** In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

**47) Disclosure on Derivatives :**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2014**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 872.71 Lacs. The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2014.

**48)** There were 77 cases of frauds amounting to Rs. 560.32 Lacs reported during the year. The Company has recovered an amount of Rs. 46.38 Lacs and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**49)** The gold loans outstanding as a percentage of total assets is at 0.03%.

**50)** Related Party Disclosure as per Accounting Standard 18:

**A) List of the related parties which has transaction with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra & Mahindra Limited |
| **Fellow subsidiary Companies :** | Mahindra Trucks & Buses Ltd. (merged with Mahindra & Mahindra Ltd. w.e.f. April 01, 2013)<br>Mahindra USA, Inc.<br>Mahindra Holidays and Resorts India Ltd.<br>Bristlecone India Limited<br>Mahindra Yueda (Yancheng) Tractor Co.Ltd.<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra Construction Company Ltd.<br>Mahindra Two Wheelers Ltd.<br>Mahindra First Choice Services Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related Parties transactions are as under:**

Rs . in lakhs

| Sr. No. | Nature of transactions | Holding Company | Fellow subsidiary Companies | Key Management Personnel |
|---|---|---|---|---|
| 1 | Income | | | |
| | Loan income | - | 1.79 | - |
| | Subvention income [Note (iii)] | 2,322.68 | - | |
| | Other income | 812.85 | 54.11 | - |
| 2 | Expenses | | | |
| | Interest | 339.45 | - | 18.09 |
| | Other Expenses | 1,414.56 | 168.99 | - |
| | Remuneration to Key Management Personnel | - | - | 274.80 |
| 3 | Purchase of Fixed Assets | 524.84 | 9.51 | - |
| 4 | Finance | | | |
| | Fixed deposits | - | - | 207.50 |
| | Fixed deposits matured | - | - | 187.50 |
| | Dividend paid – for previous year | 10,483.48 | - | 18.99 |
| | Inter corporate deposits taken | 50,000.00 | - | - |
| | Inter corporate deposits repaid | 50,000.00 | - | - |
| | Inter corporate deposits given | - | - | - |
| | Inter corporate deposits refunded | - | 2,000.00 | - |
| 5 | Other transactions | | | |
| | Reimbursement from parties | 112.54 | - | - |
| | Reimbursement to parties | - | 113.75 | - |
| 6 | Balances at the year end | | | |
| | Receivables [Note (iii)] | 437.39 | 1,091.74 | - |
| | Loans given (including interest accrued but not due) [Note (ii)] | - | 334.33 | - |
| | Inter Corporate Deposits given (including interest accrued but not due) [Note (ii)] | - | 113.38 | - |
| | Payables | - | 107.79 | - |
| | Fixed deposits held (including interest accrued but not due) | - | - | 214.79 |

Notes:

**i)** An amount of Rs 113.38 lacs of inter corporate deposits and Rs 334.33 lacs of loan given to Mahindra Construction Company Ltd is provided as Non Performing Asset in the books of account.

**ii)** Mahindra Trucks and Buses Ltd is merged with Mahindra & Mahindra Ltd (holding company) w.e.f. April 01, 2013.

**C) The significant related party transactions are as under:**

Rs. in Lakhs

| Nature of transactions | | Holding Company | Fellow subsidiary Companies | Key Management Personnel |
|---|---|---|---|---|
| **Income** | | | | |
| **Revenue from operations** | | | | |
| Subvention income | Mahindra and Mahindra Limited | 2,322.68 | - | - |
| **Other Income** | | | | |
| Manpower supply income | Mahindra and Mahindra Limited | 811.83 | - | - |
| **Expenses** | | | | |
| **Interest** | | | | |
| Interest expense on inter corporate deposits and nonconvertible debentures | Mahindra and Mahindra Limited | 339.45 | - | - |
| **Purchase of fixed assets** | Mahindra and Mahindra Limited | 524.84 | - | - |
| **Finance** | | | | |
| Fixed deposits | Ramesh Iyer | - | - | 44.50 |
| | Janaki Iyer | - | - | 153.00 |
| Fixed deposits matured | Ramesh Iyer | - | - | 44.50 |
| | Janaki Iyer | - | - | 133.00 |
| Dividend paid - for previous year | Mahindra and Mahindra Limited | 10,483.48 | - | - |
| Inter corporate deposits taken | Mahindra and Mahindra Limited | - | 113.38 | - |
| Inter corporate deposits repaid | Mahindra and Mahindra Limited | - | 334.33 | - |
| Inter corporate deposits given | Mahindra Two Wheelers Limited | - | - | - |
| Inter corporate deposits refunded | Mahindra Two Wheelers Limited | - | 2000.00 | - |
| **Balances at the year end** | | | | |
| Receivables | Mahindra Holidays & Resorts India Limited | - | 1,091.74 | - |

| | | | | |
|---|---|---|---|---|
| Inter Corporate Deposits given (including interest accrued but not due) | Mahindra & Mahindra Limited | 437.39 | - | - |
| | Mahindra Construction Company Limited | - | 113.38 | - |
| Loans given (including interest accrued but not due) | Mahindra Construction Company Limited | - | 334.33 | - |

**51) Contingent liabilities and commitments (to the extent not provided for)**

Rs. in Lakhs

| | As at 31 March 2014 |
|---|---|
| **Contingent liabilities** | |
| a) Demand against the Company not acknowledged as debts - | |
| i) Income tax | 7476.77 |
| ii) Value Added Tax (VAT) | 60.92 |
| b) Corporate guarantees towards assignment transactions | 55631.29 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 34 (f)) | 4782.00 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 2755.55 |
| | 70706.46 |
| **Commitments** | |
| a) Estimated amount of contracts remaining to be executed on capital account | 445.74 |
| (b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share) | 2190.00 |
| | 2635.74 |
| **Total** | **73342.20** |

**52) Changes in provisions :**

Rs. in lakhs

| | As at 31.03.2013 | Additional Provision | Utilisation/ Reversal | As at 31.03.2014 |
|---|---|---|---|---|
| Provision for Standard assets | 9858.69 | 2284.13 | - | 12142.82 |
| Provision for Non-performing assets | 39736.94 | 41956.51 | 16503.21 | 65190.23 |

**53)** Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report:

Rs. in lakhs

| | Year ended 31st March 2014 | | |
|---|---|---|---|
| | **Financing activities** | **Other reconciling items** | **Total** |
| External revenue | 520,167.77 | 9,887.51 | 530,055.28 |
| Inter segment revenue | 1,377.80 | 18,067.13 | 19,444.93 |
| **Total revenue** | **521,545.57** | **27,954.64** | **549,500.21** |
| Segment results (Profit before tax and after interest on financing segment) | 139,338.73 | 6,928.56 | 146,267.29 |
| Less: Interest on unallocated reconciling items | - | 114.54 | 114.54 |
| **Net Profit before tax** | **139,338.73** | **6,814.02** | **146,152.75** |
| Less: Income taxes | - | - | 49,675.33 |
| **Net profit** | **-** | **-** | **96,477.42** |
| **Other information:** | | | |
| Segment assets | 3,364,910.73 | 2,098.08 | 3,367,008.81 |
| Unallocated corporate assets | - | - | 38,740.65 |
| **Total assets** | **3,364,910.73** | **2,098.08** | **3,405,749.46** |
| Segment liabilities | 2,846,319.65 | 1,254.64 | 2,847,574.29 |
| Unallocated corporate liabilities | - | - | - |
| **Total liabilities** | **2,846,319.65** | **1,254.64** | **2,847,574.29** |
| Capital expenditure | 4,279.71 | 46.59 | 4,326.30 |
| Depreciation / amortisation | 2,572.84 | 35.21 | 2,608.05 |
| Non cash expenditure other than depreciation | 28,060.24 | 2.30 | 28,062.54 |

**54)** During the current financial year, the Company has incorporated Mahindra Trustee Company Private Limited (MTCPL) and has proposed to subscribe 49,998 equity shares of Rs. 10/- each amounting to Rs. 4.99 lacs being 99.99% of the shareholding as a promoter shareholder. However, the Company has not made any investment during the year in MTCPL.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

For and on behalf of
**Mahindra & Mahindra Financial Services Limited**

**Milind Ranade**
*Partner*

Membership No. 100564

**Ramesh Iyer**
Vice Chairman & Managing Director

[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer

[DIN: 00307328]

Mumbai
5 November 2018

**Private and confidential**

The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mahindra Tower, 4th Floor
Dr. G M Bhosale Marg, Worli
MUMBAI 400 018

5 November 2018

Dear Sirs

1. We have examined the attached reformatted standalone financial information of Mahindra & Mahindra Financial Services Limited (the 'Company'), which comprise of the Reformatted Summary Statement of Assets and Liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the Reformatted Summary Statement of Profit and Loss and the Reformatted Summary Statement of Cash Flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the Summary of Significant Accounting Policies (hereinafter referred to as 'Reformatted Standalone Financial Information'), annexed to this report for the purpose of inclusion in the Draft Shelf Prospectus and / or Shelf Prospectus and / or Tranche Prospectus(es), and any amendments and supplements thereto (collectively the "**Offering Documents**") to be filed by the Company in connection with its proposed issue of secured and / or unsecured, subordinated redeemable, non-convertible debentures ( "NCDs") of face value Rs. 1000 each, aggregating up to Rs. 10,000 crores (Rupees Ten Thousand crores only), in one or more tranches (the 'Proposed Issue'), as approved by the Board of Directors of the Company, by taking into consideration the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the 'Rules'); and

   b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the 'SEBI Debt Regulations') issued by Securities and Exchange Board of India Act, 1992.

**Management's Responsibility**

2. The preparation of Reformatted Standalone Financial Information is the responsibility of management of the Company for the purpose set out in the paragraph 11 below. Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Standalone Financial Information. Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Rules and SEBI Debt Regulations.

3. The Reformatted Standalone Financial Information have been extracted by management from the audited standalone financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, which were approved by Board of Directors of the Company on 25 April 2018; 25 April 2017; 23 April 2016; 23 April 2015; and 17 April 2014, respectively.

**Auditor's Responsibility**

4. We have examined such Reformatted Standalone Financial Information taking into consideration:

   a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 24 October 2018 in connection with the Proposed Issue;

   b. requirements of the Rules and the SEBI Debt Regulations; and

   c. Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) (the 'Guidance Note').

5. As stated in our audit report referred to in paragraph 3 above, we conducted our audit for the year ended 31 March 2018 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, as applicable. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

   Audit for the financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 was conducted by the predecessor auditors, M/s B.K. Khare & Co., and accordingly reliance has been placed on the Reformatted Standalone Financial Information examined by them for those years.

**Opinion**

6. In accordance with the requirements of the Rules and the SEBI Debt Regulations and the Guidance Note, we report that the Reformatted Standalone Financial Information of the Company as at and for the years ended 31 March 2018 examined by us and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, examined by predecessor auditor, M/s B.K. Khare & Co., Chartered Accountants, for which reliance has been placed on the Reformatted Standalone Financial Information examined by them, as set out in Annexure I to V to this report are accurately compiled from the audited standalone financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014.

7. Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the predecessor auditors, M/s B.K. Khare & Co. for the respective years, we further report that the Reformatted Standalone Financial Information:

   a. have to be read in conjunction with the notes given in Annexure IV;

   b. the figures of earlier years have been regrouped (but not Restated retrospectively for changes in accounting policies), wherever necessary, to conform primarily to the requirements of the Schedule III to the Companies Act, 2013; and

**Opinion *(Continued)***

c. in the preparation and presentation of Reformatted Standalone Financial Information based on audited standalone financial statements as referred to in paragraph 3 and 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 3 above.

8. At the Company's request, we have also examined the following financial information of the Company set out in the Annexures prepared by management and approved by the Board of Directors on 5 November 2018, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. In respect of the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 these information have been included based upon the reports submitted by the predecessor auditors, M/s B.K. Khare & Co. and relied upon by us:

   a) Statement of dividend as appearing in Annexure VI; and

   b) Statement of Accounting Ratios as appearing in Annexure VII

   At the Company's request, we have also examined the Capitalization Statement showing details of borrowings and shareholder's funds for the year ended 31 March 2018 as appearing in Annexure VIII, prepared by management and approved by the Board of Directors on 5 November 2018.

   According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the predecessor auditors, M/s B.K. Khare & Co., in our opinion, the Reformatted Standalone Financial Information and the above financial information contained in Annexures VI to VIII accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure IV, are prepared in accordance with the Rules, and the SEBI Debt Regulations and the Guidance Note.

9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Restrictions of use**

11. Our report is intended solely for use of management for inclusion in the Offering Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC), as applicable, prepared in connection with the Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Milind Ranade**
*Partner*
Membership No: 100564

Mahindra & Mahindra Financial Services Limited

Annexure - I

**Reformatted Standalone Summary Statement of Assets and Liabilities**

Rs. in lakhs

| | Particulars | Note no. | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|---|---|
| **A.** | **EQUITY AND LIABILITIES** | | | | | | |
| 1) | **Shareholders' funds** | | | | | | |
| | a) Share capital | 3 | **12,289.54** | 11,300.83 | 11,292.03 | 11,282.81 | 11,270.50 |
| | b) Reserves and surplus | 4 | **918,019.18** | 636,423.59 | 597,518.70 | 555,658.09 | 498,151.10 |
| | | | **930,308.72** | 647,724.42 | 608,810.73 | 566,940.90 | 509,421.60 |
| 2) | **Non-current liabilities** | | | | | | |
| | a) Long-term borrowings | 5 | **2,381,608.15** | 2,141,240.07 | 1,729,082.91 | 1,473,545.78 | 1,688,971.55 |
| | b) Other long-term liabilities | 6 | **54,083.09** | 42,740.10 | 43,262.99 | 30,247.97 | 27,641.82 |
| | c) Long-term provisions | 7 | **73,043.41** | 54,890.35 | 44,820.99 | 32,796.05 | 31,801.27 |
| | | | **2,508,734.65** | 2,238,870.52 | 1,817,166.89 | 1,536,589.80 | 1,748,414.64 |
| 3) | **Current liabilities** | | | | | | |
| | a) Short-term borrowings | 8 | **608,489.86** | 579,021.57 | 429,893.60 | 481,666.95 | 124,428.36 |
| | b) Trade payables - | 9 | | | | | |
| | (i) Due to micro and small enterprises | | **-** | - | - | - | - |
| | (ii) Due to other than micro and small enterprises | | **93,444.32** | 57,757.08 | 39,705.55 | 40,580.13 | 36,628.72 |
| | c) Other current liabilities | 10 | **1,126,850.61** | 898,635.08 | 899,941.12 | 756,720.39 | 656,100.40 |
| | d) Short-term provisions | 11 | **168,952.39** | 161,674.92 | 150,690.26 | 114,087.05 | 89,084.91 |
| | | | **1,997,737.18** | 1,697,088.65 | 1,520,230.53 | 1,393,054.52 | 906,242.39 |
| | **TOTAL EQUITY AND LIABILITIES** | | **5,436,780.55** | 4,583,683.59 | 3,946,208.15 | 3,496,585.22 | 3,164,078.63 |
| **B.** | **ASSETS** | | | | | | |
| 1) | **Non-current assets** | | | | | | |
| | a) Fixed assets | 12 | | | | | |
| | i) Property, Plant and Equipments | | **11,242.43** | 10,843.54 | 10,791.91 | 10,507.74 | 11,436.25 |
| | ii) Intangible assets | | **723.97** | 307.93 | 555.30 | 466.04 | 494.10 |
| | iii) Capital work-in-progress | | **-** | 49.09 | 1.85 | 31.54 | 22.99 |
| | iv) Intangible assets under development | | **-** | - | - | - | - |
| | b) Non-current investments | 13 | **145,791.06** | 131,173.39 | 99,233.39 | 75,992.00 | 52,627.59 |
| | c) Deferred tax assets (net) | 14 | **79,393.23** | 73,166.69 | 58,527.64 | 41,526.17 | 31,506.64 |
| | d) Long-term loans and advances | 15 | **2,764,930.51** | 2,223,650.53 | 1,849,895.20 | 1,704,038.84 | 1,581,079.23 |
| | e) Other non-current assets | 16 | **5,686.25** | 11,978.80 | 5,817.49 | 23,787.82 | 14,094.07 |
| | | | **3,007,767.45** | 2,451,169.97 | 2,024,822.78 | 1,856,350.15 | 1,691,260.87 |
| 2) | **Current assets** | | | | | | |
| | a) Current investments | 17 | **41,525.68** | 56,133.37 | 47,813.35 | 9,342.25 | 34,254.63 |
| | b) Trade receivables | 18 | **742.86** | 582.70 | 511.24 | 567.25 | 855.79 |
| | c) Cash and bank balances | 19 | **41,112.09** | 57,806.50 | 58,521.46 | 47,592.18 | 55,328.88 |
| | d) Short-term loans and advances | 20 | **2,335,501.51** | 2,011,982.46 | 1,802,683.96 | 1,574,873.69 | 1,376,645.46 |
| | e) Other current assets | 21 | **10,130.96** | 6,008.59 | 11,855.36 | 7,859.70 | 5,733.00 |
| | | | **2,429,013.10** | 2,132,513.62 | 1,921,385.37 | 1,640,235.07 | 1,472,817.76 |
| | **TOTAL** | | **5,436,780.55** | 4,583,683.59 | 3,946,208.15 | 3,496,585.22 | 3,164,078.63 |
| | Summary of significant accounting policies | 2 | | | | | |

The accompanying notes form an integral part of the reformatted standalone financial information.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

For & On Behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564
Mumbai
5 November 2018

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

Mahindra & Mahindra Financial Services Limited

**Annexure - II**

**Reformatted Standalone Summary Statement of Profit and Loss**

Rs. in lakhs

| | Particulars | *Note no.* | **Year ended 31 March 2018** | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|---|---|
| 1 | Revenue from operations | *22* | **714,710.23** | 617,391.06 | 585,316.11 | 553,605.61 | 492,163.21 |
| 2 | Other income | *23* | **5,902.00** | 6,362.76 | 5,193.94 | 4,864.99 | 3,137.24 |
| **3** | **Total Revenue (1+2)** | | **720,612.23** | 623,753.82 | 590,510.05 | 558,470.60 | 495,300.45 |
| **4** | **Expenses:** | | | | | | |
| | Employee benefits expense | *24* | **85,176.48** | 68,089.71 | 55,880.74 | 45,908.20 | 29,733.41 |
| | Finance costs | *25* | **300,039.88** | 285,742.70 | 263,929.19 | 249,673.13 | 218,801.45 |
| | Depreciation and amortization expense | *26* | **4,419.21** | 4,602.14 | 4,088.81 | 4,151.63 | 2,429.62 |
| | Loan provisions and write offs | *27* | **122,659.47** | 130,912.67 | 104,952.98 | 82,748.89 | 50,578.57 |
| | Other expenses | *28* | **77,539.54** | 72,399.77 | 57,840.20 | 50,624.35 | 59,180.56 |
| | **Total Expenses** | | **589,834.58** | 561,746.99 | 486,691.92 | 433,106.20 | 360,723.61 |
| **5** | **Profit before exceptional items and taxes (3-4)** | | **130,777.65** | 62,006.83 | 103,818.13 | 125,364.40 | 134,576.84 |
| 6 | Exceptional items (net income) | *29* | **6,497.18** | - | - | - | - |
| **7** | **Profit before tax (5+6)** | | **137,274.83** | 62,006.83 | 103,818.13 | 125,364.40 | 134,576.84 |
| **8** | **Tax expense:** | | | | | | |
| | Current tax | | **54,312.94** | 36,350.00 | 53,560.00 | 51,995.00 | 53,540.00 |
| | Deferred tax | | **(6,226.54)** | (14,366.66) | (17,001.47) | (9,808.19) | (7,685.91) |
| | | | **48,086.40** | 21,983.34 | 36,558.53 | 42,186.81 | 45,854.09 |
| **9** | **Profit for the year (7-8)** | | **89,188.43** | 40,023.49 | 67,259.60 | 83,177.59 | 88,722.75 |
| **10** | Earnings per equity share (Rupees) : | *31 (h)* | | | | | |
| | (Face value - Rs.2/- per share ) | | | | | | |
| | (1) Basic | | **15.35** | **7.09** | **11.92** | **14.75** | **15.75** |
| | (2) Diluted | | **15.33** | **7.04** | **11.83** | **14.62** | **15.60** |
| | Summary of significant accounting policies | *2* | | | | | |

The accompanying notes form an integral part of the reformatted standalone financial information.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

For & On Behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564
Mumbai
5 November 2018

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

Mahindra & Mahindra Financial Services Limited

**Annexure - III**

**Reformatted Standalone Summary Statement of Cash Flows**

Rs. in lakhs

| Particulars | | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| **Profit before exceptional items and taxes** | | **130,777.65** | 62,006.83 | 103,818.13 | 125,364.40 | 134,576.84 |
| **Add/(Less):** | | | | | | |
| **Non-cash expenses** | | | | | | |
| Depreciation and amortisation expense | | **4,419.21** | 4,602.14 | 4,088.81 | 4,151.63 | 2,429.62 |
| Provision for non-performing assets | | **13,697.64** | 44,233.45 | 52,596.10 | 33,259.02 | 24,486.70 |
| Bad debts and write offs | | **105,763.10** | 84,500.16 | 51,003.24 | 48,401.00 | 23,981.87 |
| Provision for standard assets | | **3,208.00** | 2,180.00 | 1,353.00 | 1,057.00 | 2,110.00 |
| Higher provision & provision for diminution in the fair value of restructured advances | | **(9.27)** | (0.94) | 0.64 | 31.87 | - |
| Employee compensation expense on account of ESOP Scheme | | **755.03** | 879.82 | 1,431.06 | 1,065.33 | 307.33 |
| | | **127,833.71** | 136,394.63 | 110,472.85 | 87,965.85 | 53,315.52 |
| **Less:** | | | | | | |
| **Income considered separately** | | | | | | |
| Income on investing activities | | **(7,516.92)** | (6,686.96) | (5,779.77) | (4,550.21) | (2,933.95) |
| Profit on sale of assets | | **(51.28)** | (15.24) | (107.10) | (14.99) | (8.29) |
| Profit on sale of current investments | | **(59.56)** | (88.48) | - | (468.64) | (9.15) |
| Income from Assignment / Securitisation transactions | | **(14,199.95)** | (11,936.72) | (20,633.45) | (25,622.33) | (21,372.47) |
| | | **(21,827.71)** | (18,727.40) | (26,520.32) | (30,656.17) | (24,323.86) |
| **Operating profit before working capital changes** | **I** | **236,783.65** | 179,674.06 | 187,770.66 | 182,674.08 | 163,568.50 |
| **Less: Working capital changes** | | | | | | |
| (Increase)/Decrease in interest accrued - others | | **(76.62)** | 2,740.80 | (1,543.10) | (50.79) | (1,603.28) |
| Increase in Trade receivables | | **(160.16)** | (71.46) | 56.01 | 288.54 | (460.16) |
| Increase in Loans and advances | | **(1,028,408.68)** | (690,503.93) | (509,199.66) | (442,369.58) | (731,257.41) |
| | | **(1,028,645.46)** | (687,834.59) | (510,686.75) | (442,131.83) | (733,320.85) |
| Add: Increase in current liabilities | | **62,884.18** | 60,220.71 | 41,372.28 | 22,536.82 | 23,859.38 |
| | **II** | **(965,761.28)** | (627,613.88) | (469,314.47) | (419,595.01) | (709,461.47) |
| **Cash used in operations** | **(I+II)** | **(728,977.63)** | (447,939.82) | (281,543.81) | (236,920.93) | (545,892.97) |
| Advance taxes paid | | **(55,099.29)** | (42,750.27) | (57,890.09) | (53,744.93) | (52,224.45) |
| **NET CASH USED IN OPERATING ACTIVITIES (A)** | | **(784,076.92)** | (490,690.09) | (339,433.90) | (290,665.86) | (598,117.42) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | | | |
| Purchase of fixed Assets / software | | **(5,246.53)** | (4,546.05) | (4,321.27) | (3,978.71) | (3,701.15) |
| Proceeds from sale of fixed assets | | **133.53** | 93.96 | 227.29 | 590.18 | 98.79 |
| Purchase of investments Other than investments in Subsidiaries and Joint Venture | | **(666,982.93)** | (536,755.05) | (229,192.21) | (502,941.39) | (214,896.88) |
| Investments in Subsidiary Companies | | **(15,900.00)** | (14,455.00) | (9,457.22) | (2,294.00) | (2,195.00) |
| Investments in Joint Venture Company | | **(1,662.44)** | (3,111.84) | (4,530.31) | (2,998.96) | (2,193.73) |
| Maturity proceeds from term deposits with banks | | **12,191.81** | 12,452.00 | 10,913.77 | (4,516.77) | (19,771.00) |
| Proceeds from sale of investments | | **684,592.13** | 514,150.35 | 181,467.25 | 510,250.96 | 188,509.31 |
| Income received from investing activities | | **7,501.71** | 6,525.24 | 5,505.25 | 4,334.01 | 2,696.78 |
| Increase in Earmarked balances with banks | | **(23.26)** | (0.53) | 5.56 | 0.24 | 4.58 |
| Proceeds from sale of long-term investments (in equity shares of Mahindra Insurance Brokers Limited) | | **6,500.00** | - | - | - | - |
| **NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)** | | **21,104.02** | (25,646.92) | (49,381.89) | (1,554.44) | (51,448.30) |

Mahindra & Mahindra Financial Services Limited

**Annexure - III**

**Reformatted Standalone Summary Statement of Cash Flows *(Continued)***

Rs. in lakhs

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Issue of Equity shares (net of issue expenses) | **209,789.87** | - | - | - | - |
| Expenses incurred on issuance of Non-convertible debentures | **(1,858.14)** | (1,653.42) | - | - | - |
| Proceeds from long-term borrowings | **1,131,951.88** | 1,046,022.59 | 1,002,143.16 | 365,986.68 | 901,966.33 |
| Repayment of long-term borrowings | **(544,968.50)** | (628,104.76) | (630,641.54) | (605,088.51) | (508,897.55) |
| Proceeds from short-term borrowings | **4,330,648.60** | 4,812,018.46 | 5,637,414.88 | 3,288,387.35 | 2,991,260.83 |
| Repayment of short-term borrowings | **(4,267,966.09)** | (4,651,002.97) | (5,722,804.12) | (2,934,033.79) | (2,979,682.48) |
| (Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net) | **(37,284.09)** | (19,744.55) | 22,729.27 | 1,873.12 | (19,814.61) |
| Decrease in Fixed deposits (net) | **(124,559.01)** | (40,130.21) | 10,402.96 | 107,803.59 | 127,426.58 |
| Proceeds from Assignment / Securitisation transactions | **69,360.66** | 45,708.90 | 99,463.75 | 89,044.34 | 159,029.71 |
| Dividend paid (including tax on dividend) | **(16,097.30)** | (27,126.87) | (27,174.62) | (25,157.82) | (23,887.38) |
| **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)** | **749,017.88** | 535,987.17 | 391,533.74 | 288,814.96 | 647,401.43 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(13,955.02)** | 19,650.16 | 2,717.95 | (3,405.34) | (2,164.29) |
| **Cash and Cash Equivalents at the beginning of the year** | **41,145.40** | 21,495.24 | 18,777.29 | 22,182.63 | 24,346.92 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 19 (a))** | **27,190.38** | 41,145.40 | 21,495.24 | 18,777.29 | 22,182.63 |
| **Components of Cash and Cash Equivalents** | | | | | |
| Cash and cash equivalents at the end of the year | | | | | |
| - Cash on hand | **904.46** | 1,723.81 | 1,872.37 | 1,276.67 | 2,542.72 |
| - Cheques and drafts on hand | **1,264.80** | 1,258.49 | 544.49 | 296.98 | 608.52 |
| - Balances with banks in current accounts | **24,996.12** | 38,163.10 | 19,078.38 | 17,203.64 | 19,031.39 |
| -Term deposits with original maturity up to 3 months | **25.00** | - | - | - | - |
| **Total** | **27,190.38** | 41,145.40 | 21,495.24 | 18,777.29 | 22,182.63 |

**Notes :**
The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statements'.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

For & On Behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*
Membership No. 100564
Mumbai
5 November 2018

**Ramesh Iyer**
Vice Chairman & Managing Director
[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer
[DIN: 00307328]

# Mahindra & Mahindra Financial Services Limited

## Summary of Significant Accounting policies for reformatted Standalone Financial Information

## 1 CORPORATE OVERVIEW

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated and headquartered in Mumbai, India is a publicly held Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The Company is a subsidiary of Mahindra & Mahindra Limited.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of Act. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. The Company has a policy of making additional provision on a prudential basis (refer note 32).

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### 2.2 Use of estimates :

The preparation of financial statements requires the management to make judgements, estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 2.3 Revenue recognition :

**a) General :**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Interest income from retail loan transactions is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying the interest rate implicit in such contracts. Interest income on all other assets is recognised on time proportion basis.

Service charges and other fees on loan transactions are recognised at the commencement of the contract.

Income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Income on assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as non-performing.

**b) Commission and brokerage income :**

Commission and brokerage income earned for the services rendered are recognised as and when they are due.

**c) Subvention income :**

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract. The unamortized balance is being disclosed as part of liabilities. For contracts foreclosed / securitised / assigned, balance of subvention income is recognised as income at the time of such foreclosure / securitization / assignment.

**2.4 Income from securitization / assignment transactions :**

**a) Securitisation transactions:**

Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

**b) Assignment transactions:**

Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note 15 and 20).

The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end based on the formula prescribed as per the Circular dated 21 August 2012. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note 6 and 10).

**2.5 Income from investments:**

- Dividend from investments is accounted for as income when the right to receive dividend is established.
- Interest income is accounted on accrual basis.
- Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.
- Profit/ loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**2.6 Fixed assets, depreciation and amortization:**

**a) Property, Plant and Equipments (PPE) :**

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

Assets given on operating lease (new and refurbished vehicles) are shown at the cost of acquisition less accumulated depreciation. These have been grouped under the head 'Vehicles given on operating lease' forming part of Company's PPE in note no.12.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed as long-term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

**b) Depreciation on PPE:**

Depreciation on PPE including new assets given on operating lease is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's PPE in note no.12.
- Used and Refurbished assets given on operating lease are depreciated at the rate of 15% on SLM over the remaining useful life of these assets.
- Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**2.7 Foreign exchange transactions and translations :**

**a) Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

**b) Conversion**

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**c) Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

As per the risk management policy, the Company has taken currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

**2.8 Investments :**

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more, based on intention of management at the time of purchase, are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Non-current investments in structured instruments are carried at cost less principal repayments till reporting date.

Non-current investments are carried at cost comprising of acquisition and incidental expenses less diminution in value. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary, determined separately for each individual non-current investment.

Any premium on acquisition is amortised over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Current investments are carried at lower of cost and net realisable value. The comparison of cost and net realisable value is done separately in respect of each investment.

**2.9 Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**2.10 Employee benefits:**

**a) Contribution to provident fund and National Pension Scheme -**

Company's contribution paid/payable during the year to provident fund and National Pension Scheme is recognised in the Statement of profit and loss.

**b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**2.11 Borrowing costs :**

Borrowing costs include interest, brokerage on fixed deposits mobilised, discounting charges on commercial papers/zero coupon non-convertible debentures issued and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs are charged to the Statement of profit and loss. Incidental expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**2.12 Commercial papers and zero coupon non-convertible debentures:**

Commercial papers and zero coupon non-convertible debentures are recognised at redemption value, net of unamortized discounting charges. The difference between redemption value and issue value is amortised on a time proportion basis and is included under finance costs.

**2.13 Taxation - Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

**a) Current tax :**

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

**b) Deferred tax :**

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**2.14 Securities issue expenses :**

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Act.

**2.15 Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. The impairment loss is recognized in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

**2.16 Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.17 Provisioning / Write-off on assets**

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

**2.18 Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**2.19 Leases :**

**Where the Company is the lessee -**
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

**Where the Company is the lessor -**
The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

**2.20 Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

### 1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements)

### 2) Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3) Revenue recognition :

#### I. General :

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

#### II. Income from loans :

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

c) Delayed payment charges, fee based income and Interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

d) Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

**III. Subvention income :**

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract.

**IV. Income from assignment / securitization transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):**

**i.** In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

**ii.** On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.

**iii.** On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):**

**i. Securitisation transactions:**

**a)** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b)** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c)** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread

on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

**a.** Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

**b.** The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular.The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6 and 10)

**V. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

**4) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

**i.** Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

**ii.** Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

**i)** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

**ii)** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

**iii)** Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.12.

**iv)** Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**5) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

c. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

d. Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

**6) Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**7) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**8) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**(d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**9) Borrowing costs :**

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**10) Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the

amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**11) Securities issue expenses :**

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Companies Act, 2013.

**12) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**13) Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**14) Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-

based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**15) Lease :**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**16) Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

### 1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements)

### 2) Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3) Revenue recognition :

#### I. General :

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

#### II. Income from loans :

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

c) Delayed payment charges, fee based income and Interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

d) Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

**III. Subvention income :**

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract.

**IV. Income from assignment / securitization transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):**

i. In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.

iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit

and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

**a.** Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

**b.** The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular.The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6 and 10)

**V. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

**4) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

**i.** Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

**ii.** Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

**a.** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

**b.** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

**c.** Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.12.

**d.** Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**5) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**6) Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**7) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**8) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**(d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**9) Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary

expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**10) Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**11) Share issue expenses :**

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

**12) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**13) Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**14) Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**15) Lease :**

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**16) Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

### 1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements)

### 2) Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3) Revenue recognition :

#### I. General :

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis. Unrealized interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

## II. Income from loans :

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

## III. Subvention income :

Subvention received from manufacturers/dealers on retail cases is booked over the period of the contract.

## IV. Income from assignment / securitization transactions :

### A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.

iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

### B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):

#### i. Securitisation transactions:

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

**a.** Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

**b.** The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular.The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6 and 10).

**V. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

**4) Fixed assets, depreciation and amortization:**

**a) Tangible assets :**

**i.** Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

**ii.** Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

**a.** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

**b.** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

**c.** Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.12.

**d.** Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**5) Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**6) Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**7) Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**8) Employee benefits :**

**(a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of profit and loss.

**(b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

**(d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**9) Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**10) Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**11) Share issue expenses :**

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

**12) Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**13) Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**14) Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**15) Lease :**

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**16) Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

### 1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under section 133 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 32 of notes to the financial statements)

### 2) Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3) Revenue recognition :

#### i. General :

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis. Unrealized interest recognized as

income in the previous period is reversed in the month in which the loan is classified as Non-performing.

**ii. Income from loans :**

c) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
d) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

**iii. Subvention income :**

Subvention received from manufacturers/dealers on retail cases is booked over the period of the contract.

**iv. Income from assignment / securitization transactions :**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):**

i. Receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.

iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):**

**i. Securitisation transactions:**

**a.** Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

**b.** Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

**c.** Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit

and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**ii. Assignment transactions:**

**a.** Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

**b.** The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular.The unamortized portion is reflected as “Other long-term liabilities” / “Other current liabilities” (refer note no. 6 and 10)

**v. Income from investments:**

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

**a. Fixed assets, depreciation and amortization:**

**a. Tangible assets :**

i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b. Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis except for following assets :

**i.** Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
**ii.** Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
**iii.** Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
**iv.** Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same

have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.12.

**c. Intangible assets :**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d. Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months.

**5. Foreign exchange transactions and translations :**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

a) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
b) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

**iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities**

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract.
b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.
c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

d. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**6. Investments :**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**7. Loans against assets :**

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

**8. Employee benefits :**

**a) Contribution to provident fund -**

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

**b) Gratuity -**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under ‘The Payment of Gratuity Act, 1972’. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

**c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

**d) Leave encashment / compensated absences / sick leave -**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**9. Borrowing costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**10. Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**11. Share issue expenses :**

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

**12. Impairment of assets :**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**13. Provisions and contingent liabilities :**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**14. Employee Stock Compensation Costs :**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis.

**15. Lease :**

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**16. Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

# Mahindra & Mahindra Financial Services Limited

## Notes forming part of the Reformatted Standalone Financial Information

Rs. in lakhs

## 3 Share capital

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Authorised capital :** | | | | | |
| 70,00,00,000 (31 March 2017: 70,00,00,000) Equity shares of Rs.2/- each | **14,000.00** | 14,000.00 | 14,000.00 | 14,000.00 | 14,000.00 |
| 50,00,000 (31 March 2017: 50,00,000) Redeemable preference shares of Rs.100/- each | **5,000.00** | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| **Issued capital :** | | | | | |
| 61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each (refer notes 3 (a) and 49 for the year ended 31 March 2018) | **12,355.30** | 11,375.30 | 11,375.30 | 11,375.30 | 11,375.30 |
| **Subscribed and paid-up capital :** | | | | | |
| 61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up | **12,355.30** | 11,375.30 | 11,375.30 | 11,375.30 | 11,375.30 |
| Less : Shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (i)) (32,87,993 (31 March 2017: 37,23,298) Equity shares of Rs.2/- each) | **65.76** | 74.47 | 83.27 | 92.49 | 104.80 |
| **Total** | **12,289.54** | 11,300.83 | 11,292.03 | 11,282.81 | 11,270.50 |

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of shares | Rs. in lakhs | No. of shares | Rs. in lakhs |
| **a) Reconciliation of number of equity shares :** | | | | |
| **Balance at the beginning of the year** | **568,764,960** | **11,375.30** | 568,764,960 | 11,375.30 |
| Add : Fresh allotment of shares : | | | | |
| - Preferential issue to Mahindra & Mahindra Limited (the Holding Company) | **25,000,000** | **500.00** | - | - |
| - Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional placement (QIP) | **24,000,000** | **480.00** | - | - |
| **Balance at the end of the year** | **617,764,960** | **12,355.30** | 568,764,960 | 11,375.30 |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding and ultimate holding company : Mahindra & Mahindra Limited | **316,207,660** | **6,324.15** | 291,207,660 | 5,824.15 |
| Percentage of holding (%) | **51.19%** | **51.19%** | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | **316,207,660** | **6,324.15** | 291,207,660 | 5,824.15 |
| Percentage of holding (%) | **51.19%** | **51.19%** | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares :**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS Trust:**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital and Securities premium reserve in respect of outstanding equity shares pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees as per details provided below.

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of shares | Rs. in lakhs | No. of shares | Rs. in lakhs |
| **(i) Reduction from Share capital -** | | | | |
| - Employee stock option scheme 2005 | 785,275 | 15.71 | 785,275 | 15.71 |
| - Employee stock option scheme 2010# | 2,502,718 | 50.05 | 2,938,023 | 58.76 |
| | **3,287,993** | **65.76** | 3,723,298 | 74.47 |
| **(ii) Reduction from Securities premium reserve -** | | | | |
| - Employee stock option scheme 2005 | 785,275 | 64.39 | 785,275 | 64.39 |
| - Employee stock option scheme 2010# | 2,502,718 | - | 2,938,023 | - |
| | **3,287,993** | **64.39** | 3,723,298 | 64.39 |

# Equity shares were allotted at face value

**For FY 2016-17:**

| | As at March 31 | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of shares | Rs. in Lakhs | Number of shares | Rs. in Lakhs |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11375.30 | 568764960 | 11375.30 |
| Fresh allotment of shares | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** | **568764960** | **11375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**a) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**b) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 15.71

Lakhs (March 31, 2016 : Rs. 15.71 Lakhs) in respect of 785275 equity shares of face value of Rs.2/- each (March 31, 2016 : 785275 equity shares of face value of Rs.2/- each) and Securities premium reserve by Rs. 64.39 Lakhs (March 31, 2016 : Rs. 64.39 Lakhs) in respect of 7,85,275 equity shares (March 31, 2016 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 and reduced the Share capital by Rs. 58.76 Lakhs (March 31, 2016 : Rs. 67.56 Lakhs) in respect of 2938023 equity shares of face value of Rs.2/- each (March 31, 2016 : 3378307 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

**For FY 2015-16:**

| | As at March 31 | | | |
|---|---|---|---|---|
| | **2016** | | **2015** | |
| | **Number of shares** | **Rs. in Lacs** | **Number of shares** | **Rs. in Lacs** |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11375.30 | 568764960 | 11375.30 |
| Fresh allotment of shares | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** | **568764960** | **11375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**c) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**d) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 83.27 Lacs (March 31, 2015 : Rs. 92.49 Lacs) in respect of 41,63,582 equity shares of face value of Rs.2/- each (March 31, 2015 : 46,24,289 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 and Securities premium reserve by Rs. 64.39 Lacs (March 31, 2015 : Rs. 64.39 Lacs) in respect of 7,85,275 equity shares (March 31, 2015 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

**For FY 2014-15:**

| | As at March 31 | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Number of shares | Rs. in Lacs | Number of shares | Rs. in Lacs |
| **a) Reconciliation of number of equity shares :** | | | | |
| Balance at the beginning of the year | 568764960 | 11375.30 | 568764960 | 11375.30 |
| Fresh allotment of shares / any other adjustment during the year : | - | - | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** | **568764960** | **11375.30** |
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 31, 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 31, 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 31, 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

**For FY 2013-14:**

| | March 2014 | |
|---|---|---|
| | **Number of shares** | **Rs. in Lacs** |
| **a) Reconciliation of number of equity shares :** | | |
| Balance at the beginning of the year | 568764960 | 11375.30 |
| **Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :** | | |
| 1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each) | - | - |
| 2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value | - | - |
| **Balance at the end of the year** | **568764960** | **11375.30** |

| | | |
|---|---|---|
| **b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :** | | |
| Holding company : Mahindra & Mahindra Limited | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% |
| **c) Shareholders holding more than 5 percent shares :** | | |
| Mahindra & Mahindra Limited | 291207660 | 5824.15 |
| Percentage of holding (%) | 51.20% | 51.20% |

**d) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. 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.

**e) Shares issued to ESOS Trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs.104.80 Lacs, Securities premium reserve by Rs. 86.83 Lacs in respect of 52,39,841 equity shares of face value of Rs.2/- each held by the Trust, as at the year end pending allotment of shares to eligible employees.

Rs. in lakhs

## 4 Reserves and surplus

| | | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|---|
| **Capital redemption reserve :** | | | | | | |
| **Balance as at the beginning of the year** | | **5,000.00** | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| Add : Transfers during the year | | **-** | - | - | - | - |
| Less : Deductions during the year | | **-** | - | - | - | - |
| **Balance as at the end of the year** | | **5,000.00** | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| **Securities premium account :** | | | | | | |
| **Balance as at the beginning of the year** | | **202,627.99** | 203,252.40 | 202,324.25 | 201,824.74 | 201,558.08 |
| Add : Additions during the year on account of - | | | | | | |
| i) Exercise of employee stock options | | **1,156.50** | 1,029.01 | 928.15 | 499.51 | 266.66 |
| ii) Fresh issue of equity shares through preferential allotment and QIP (refer note 49) | | **210,120.00** | - | - | - | - |
| Less : Deductions during the year on account of - | | | | | | |
| i) Expenses incurred in respect of issue of retail Non-Convertible Debentures (net of taxes) (refer note 50) | | **1,215.07** | 1,653.42 | - | - | - |
| ii) Expenses incurred in respect of issue of equity shares through preferential allotment and QIP (refer note 49) | | **1,310.13** | - | - | - | - |
| iii) Premium on shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (ii)) | | **64.39** | 64.39 | 64.39 | 64.39 | 86.83 |
| **Balance as at the end of the year** | | **411,314.90** | 202,563.60 | 203,188.01 | 202,259.86 | 201,737.91 |
| **Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934** | | | | | | |
| **Balance as at the beginning of the year** | | **119,625.62** | 111,620.62 | 98,168.62 | 81,532.62 | 63,787.62 |
| Add : Transfers from Surplus in the Statement of profit and loss | | **17,838.00** | 8,005.00 | 13,452.00 | 16,636.00 | 17,745.00 |
| Less : Deductions during the year | | **-** | - | - | - | - |
| **Balance as at the end of** | | **137,463.62** | 119,625.62 | 111,620.62 | 98,168.62 | 81,532.62 |
| **General reserve :** | | | | | | |
| **Balance as at the beginning of the year** | | **55,223.78** | 51,220.78 | 44,494.78 | 36,176.78 | 27,303.78 |
| Add : Transfers from Surplus in the Statement of profit and loss | | **8,919.00** | 4,003.00 | 6,726.00 | 8,318.00 | 8,873.00 |
| Less : Transfers during the period | | **-** | - | - | - | - |
| **Balance as at the end of the year** | | **64,142.78** | 55,223.78 | 51,220.78 | 44,494.78 | 36,176.78 |
| **Debenture Redemption Reserve (DRR):** | | | | | | |
| **Balance as at the beginning of the year** | | **2,649.86** | - | - | - | - |
| Add : Transfers during the year (refer note 50) | | **5,053.12** | 2,649.86 | - | - | - |
| Less : Deductions during the year | | **-** | - | - | - | - |
| **Balance as at the end of the year** | | **7,702.98** | 2,649.86 | - | - | - |
| **Employees stock options outstanding :** | | | | | | |
| **A) Employees stock options outstanding -** | | | | | | |
| **Balance as at the beginning of the year** | | **4,114.58** | 4,435.68 | 5,241.45 | 1,333.81 | 1,347.77 |
| Add : Fresh grant of options | | **314.38** | 771.99 | 139.10 | 4,465.00 | 289.16 |
| Less : Transfers / reversals during the year | | | | | | |
| i) Transfers to Securities premium reserve on exercise of options | | **1,156.50** | 1,029.01 | 928.15 | 499.51 | 266.66 |
| ii) Reversals for options lapsed | | **35.46** | 64.08 | 16.72 | 57.85 | 36.46 |
| **Balance as at the end of the year** | **(A)** | **3,237.00** | 4,114.58 | 4,435.68 | 5,241.45 | 1,333.81 |
| **B) Deferred employee compensation :** | | | | | | |
| **Balance as at the beginning of the year** | | **1,652.76** | 1,994.35 | 3,599.85 | 462.18 | 572.30 |
| Add : Fresh grant of options | | **314.38** | 771.99 | 139.10 | 4,465.00 | 289.16 |
| Less : Amortisation during the year | | | | | | |
| i) Transfers to employee compensation expenses | | **909.66** | 1,049.50 | 1,727.88 | 1,269.48 | 362.82 |
| ii) Reversals for options lapsed | | **35.46** | 64.08 | 16.72 | 57.85 | 36.46 |
| **Balance as at the end of the year** | **(B)** | **1,022.02** | 1,652.76 | 1,994.35 | 3,599.85 | 462.18 |
| **Balance as at the end of the year** | **(A-B)** | **2,214.98** | 2,461.82 | 2,441.33 | 1,641.60 | 871.63 |

Rs. in lakhs

## 4 Reserves and surplus *(Continued)*

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Surplus in Statement of profit and loss :** | | | | | |
| **Balance as at the beginning of the year** | **248,898.91** | 224,047.96 | 204,093.23 | 172,832.16 | 135,885.23 |
| Less : Transitional depreciation charge (net of deferred tax) on recomputation based on the useful life of the assets as prescribed in Schedule II (section 123) of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil. | - | - | - | 317.77 | - |
| Less: Corporate dividend and dividend distribution tax # | **16,097.30** | - | - | | - |
| Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 1 April 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India | - | 514.68 | - | - | - |
| Add : Transfer of opening balance in profit and loss statement on amalgamation of Mahindra Business & Consulting Services Private Ltd. (MBCSPL) with the Company | | | | 529.87 | |
| Add : Profit for the year transferred from the Statement of profit and loss | **89,188.43** | 40,023.49 | 67,259.60 | 83,177.59 | 88,722.75 |
| | **321,990.04** | 263,556.77 | 271,352.83 | 256,221.85 | 224,607.98 |
| **Less : Appropriations :** | | | | | |
| General reserve | **8,919.00** | 4,003.00 | 6,726.00 | 8,318.00 | 8,873.00 |
| Statutory reserve as per Section 45-IC of The RBI Act, 1934 | **17,838.00** | 8,005.00 | 13,452.00 | 16,636.00 | 17,745.00 |
| Debenture redemption reserve (refer note 50) | **5,053.12** | 2,649.86 | - | - | - |
| | **31,810.12** | 14,657.86 | 47,304.87 | 52,128.62 | 51,775.82 |
| **Balance as at the end of the year** | **290,179.92** | 248,898.91 | 224,047.96 | 204,093.23 | 172,832.16 |
| **Total** | **918,019.18** | 636,423.59 | 597,518.70 | 555,658.09 | 498,151.10 |

# Corporate dividend and dividend distribution tax pertaining to financial year ended 31 March 2017 accounted in financial year ended 31 March 2018 on approval of Shareholders at Annual General Meeting in accordance with revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

The Board of Directors have proposed a dividend of 200% at Rs.4.00 per share on equity share of Rs.2/- each (31 March 2017: 120% at Rs.2.40 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.29378.43 Lakhs (31 March 2017: Rs.16097.30 Lakhs) including dividend distribution tax.

## 5 Long-term borrowings :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Debentures** | | | | | |
| **- Secured** | | | | | |
| Non-convertible debentures (refer note 42 (i) (a)) | **1,116,542.44** | 1,173,199.07 | 726,305.26 | 351,871.00 | 320,172.67 |
| **- Unsecured** | | | | | |
| Subordinate debts (refer note 43 (i) (a)) | **325,603.13** | 211,530.00 | 118,410.00 | 100,910.00 | 79,410.00 |
| **Term loans** | | | | | |
| **- Secured** | | | | | |
| from banks (refer note 42 (ii) (a)) | **717,559.52** | 486,131.28 | 534,273.81 | 666,930.95 | 960,495.23 |
| Foreign currency loans from banks (refer note 42 (iii) (a)) | **59,616.55** | 47,460.87 | 53,227.83 | 12,500.00 | 40,305.51 |
| **Deposits** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note no. 43 (iv) (b)) | **162,286.51** | 222,918.85 | 296,866.01 | 331,333.83 | 277,863.14 |
| Inter-corporate deposits (ICDs) from related parties (refer note no.43 (ii) (b) ) | - | - | - | - | 725.00 |
| **Total (a+b)** | **2,381,608.15** | 2,141,240.07 | 1,729,082.91 | 1,473,545.78 | 1,688,971.55 |

All secured loans / debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in lakhs

## 6 Other long-term liabilities :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Others -** | | | | | |
| Deposits / advances received against loan agreements | 5,692.29 | 3,932.57 | 2,338.12 | 1,804.35 | 1,333.08 |
| Interest accrued but not due on borrowings | 37,656.58 | 33,437.36 | 31,390.82 | 19,283.53 | 15,552.99 |
| Deferred subvention income | 1,982.93 | 2,535.73 | 2,296.12 | 2,508.93 | 3,031.55 |
| Unrealised gains on loan transfers under securitisation transactions | 3,013.35 | 2,471.88 | 4,730.46 | 5,175.94 | 6,629.14 |
| Cash profit on loan transfers under assignment transactions pending recognition | 1.42 | 1.34 | 5.64 | 35.22 | 140.57 |
| Derivative contract payables | 22.97 | 361.22 | - | - | 954.49 |
| Deferred premium payable to bank under forward exchange contracts on foreign currency loans | 5,713.55 | - | 2,501.83 | 1,440.00 | - |
| **Total** | 54,083.09 | 42,740.10 | 43,262.99 | 30,247.97 | 27,641.82 |

## 7 Long-term provisions :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Provision for employee benefits (refer note 34) | | | | | |
| - Gratuity | **2,161.02** | 555.16 | 25.38 | 0.00 | 77.79 |
| - Leave encashment | **3,308.45** | 1,868.43 | 975.43 | 1,140.24 | 909.44 |
| Others - | | | | | |
| - Provision for non-performing assets (refer note no. 32) | **56,485.94** | 43,426.43 | 36,337.76 | 24,734.42 | 17,685.49 |
| - Contingent provisions for standard assets (refer note 32) | **11,088.00** | 9,030.00 | 7,470.00 | 6,896.00 | 6,372.00 |
| - Higher provision on restructured standard advances | **-** | 7.30 | 8.52 | 17.77 | - |
| - Provision for diminution in the fair value of restructured advances | **-** | 3.03 | 3.90 | 7.62 | - |
| **Total** | **73,043.41** | 54,890.35 | 44,820.99 | 32,796.05 | 31,801.27 |

## 8 Short-term borrowings

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans repayable on demand:** | | | | | |
| **- Secured** | | | | | |
| Cash credit facilities with banks (refer note 44 (i)) | **24,805.96** | 62,090.05 | 81,834.60 | 59,105.33 | 57,232.21 |
| **Loans and advances from related parties:** | | | | | |
| **- Unsecured** | | | | | |
| Inter-corporate deposits (ICDs) (refer note 43 (iii)) | **52,025.00** | 55,200.00 | 30,925.00 | 850.00 | 3,565.00 |
| **Deposits:** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note 43 (iv ) (a)) | **29,756.58** | 25,686.71 | 17,829.68 | 6,943.06 | 5,931.15 |
| **Other loans and advances:** | | | | | |
| **- Secured** | | | | | |
| Term loans from banks (refer note 44 (ii)) | **70,000.00** | 70,600.00 | 28,100.00 | 72,700.00 | 55,500.00 |
| **- Unsecured** | | | | | |
| Term loans from banks (refer note 43 (ii)) | **10,000.00** | 7,400.00 | - | - | 2,200.00 |
| Commercial Papers (CPs) (refer note 44 (ii)) | **416,902.32** | 358,044.81 | 271,204.32 | 342,068.56 | - |
| Inter-corporate deposits (ICDs) (refer note 43 (iii)) | **5,000.00** | - | - | - | - |
| **Total** | **608,489.86** | 579,021.57 | 429,893.60 | 481,666.95 | 124,428.36 |

All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

Rs. in lakhs

## 9 Trade payables :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| (i) Due to micro and small enterprises (refer note 41) | **-** | - | - | - | - |
| (ii) Due to other than micro and small enterprises | **93,444.32** | 57,757.08 | 39,705.55 | 40,580.13 | 36,628.72 |
| **Total** | **93,444.32** | 57,757.08 | 39,705.55 | 40,580.13 | 36,628.72 |

## 10 Other current liabilities :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Current maturities of long-term debt:** | | | | | |
| **Debentures** | | | | | |
| **- Secured** | | | | | |
| Non-convertible debentures (refer note 42 (i) (b)) | **503,712.41** | 241,762.53 | 232,897.97 | 152,073.87 | 182,408.18 |
| **- Unsecured** | | | | | |
| Subordinate debts (refer note no. 43 (i) (b)) | **980.00** | 6,880.00 | - | - | - |
| **Term loans** | | | | | |
| **- Secured** | | | | | |
| from banks (refer note no.42 (ii) (b)) | **277,572.10** | 243,142.86 | 342,240.48 | 335,730.95 | 306,338.48 |
| Foreign currency loans from banks (refer note no. 42 (iii) (b)) | **47,602.92** | 52,099.08 | 26,932.51 | 42,044.47 | 11,983.00 |
| **Deposits:** | | | | | |
| **- Unsecured** | | | | | |
| Fixed deposits (refer note 43 (iv ) (c)) | **121,694.04** | 189,690.58 | 163,730.66 | 129,746.50 | 76,425.51 |
| | **951,561.47** | 733,575.05 | 775,801.62 | 660,320.79 | 577,205.17 |
| Interest accrued but not due on borrowings | **119,964.13** | 95,250.48 | 58,168.59 | 40,027.46 | 29,745.21 |
| Unclaimed dividends | **77.24** | 52.66 | 52.14 | 57.69 | 57.93 |
| Unclaimed matured deposits and interest accrued thereon | **460.20** | 376.37 | 382.63 | - | - |
| Unclaimed interest on subordinated debentures (retail issue) | **2.27** | 0.05 | - | - | - |
| **Other payables:** | | | | | |
| Deposits / advances received against loan agreements | **5,817.43** | 5,209.69 | 1,581.54 | 1,460.65 | 1,647.04 |
| Credit balances in current accounts with banks as per books | **12,094.64** | 23,159.97 | 21,797.89 | 14,032.27 | 7,242.04 |
| Deferred subvention income | **1,919.62** | 2,076.62 | 2,108.73 | 2,284.76 | 2,623.37 |
| Unrealised gains on loan transfers under securitisation transactions | **10,583.84** | 17,300.26 | 20,665.25 | 19,175.40 | 15,910.53 |
| Cash profit on loan transfers under assignment transactions pending recognition | **1.22** | 3.32 | 17.93 | 85.42 | 168.42 |
| Insurance premium payable | **1,665.36** | 2,413.93 | 2,947.33 | 3,840.65 | 3,694.88 |
| Payables under assignment / securitisation transactions | **4,391.73** | 3,305.85 | 1,871.91 | 2,932.13 | 6,157.50 |
| Statutory dues and withholding taxes payable | **3,632.80** | 3,242.27 | 3,154.82 | 3,009.23 | 2,333.20 |
| Payables under derivative contracts | **2,022.28** | 259.45 | - | - | - |
| Deferred premium payable to bank under forward exchange contracts on foreign currency loans | **54.74** | 2,286.21 | 2,181.64 | - | - |
| Provision for Salary, Bonus and performance pay | **1,806.45** | 262.30 | 199.73 | 1,047.98 | 1,106.14 |
| Provision for expenses | **9,463.11** | 8,276.63 | 7,978.32 | 7,137.09 | 7,025.67 |
| Others | **1,332.08** | 1,583.97 | 1,031.05 | 1,308.87 | 1,183.30 |
| **Total** | **1,126,850.61** | 898,635.08 | 899,941.12 | 756,720.39 | 656,100.40 |

All secured loans / debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in lakhs

**11 a) Short-term provisions :**

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Provision for employee benefits (refer note no. 34) | | | | | |
| - Leave encashment | **179.09** | **263.85** | **470.21** | **107.34** | **84.98** |
| - Bonus, incentives and performance pay | **6,834.00** | **4,178.99** | **3,632.67** | **2,373.39** | **4,108.62** |
| Others - | | | | | |
| - Provision for non-performing assets (refer note no. 32) | **150,680.64** | 150,020.20 | 112,875.42 | 71,882.66 | 45,672.57 |
| - Contingent provisions for standard assets (refer note no.32) | **8,335.00** | 7,185.00 | 6,565.00 | 5,786.00 | 5,253.00 |
| - Higher provision on restructured standard advances | **-** | 15.01 | 13.79 | 4.54 | - |
| - Provision for diminution in the fair value of restructured advances | **-** | 6.24 | 6.30 | 1.94 | - |
| - Provision for taxation | **2,923.66** | 5.63 | - | - | - |
| **Total** | **168,952.39** | 161,674.92 | 150,690.26 | 114,087.05 | 89,084.91 |

Rs. in lakhs

## 12 Fixed assets :

**As at 31 March 2018**

| | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Asset description** | **As at 01 April 2017** | **Additions** | **Deductions / adjustments** | **As at 31 March 2018** | **As at 01 April 2017** | **Additions** | **Deductions / adjustments** | **As at 31 March 2018** | **As at 31 March 2018** | **As at 01 April 2017** |
| **i) Property, Plant and Equipments :** | | | | | | | | | | |
| Land | - | 81.40 | - | **81.40** | - | - | - | - | **81.40** | - |
| Buildings | **108.92** | - | - | **108.92** | **23.06** | 1.82 | - | **24.88** | **84.04** | 85.86 |
| Computers | **6,758.89** | 1,926.85 | 372.17 | **8,313.57** | **4,809.67** | 1,112.87 | 370.55 | **5,551.99** | **2,761.58** | 1,949.22 |
| Furniture and fixtures | **7,670.46** | 448.37 | 59.66 | **8,059.17** | **4,330.87** | 779.86 | 54.70 | **5,056.03** | **3,003.14** | 3,339.59 |
| Vehicles | **6,028.62** | 1,283.68 | 661.88 | **6,650.42** | **3,622.37** | 998.90 | 596.92 | **4,024.35** | **2,626.07** | 2,406.25 |
| Office equipments | **8,234.39** | 691.55 | 276.05 | **8,649.89** | **5,171.77** | 1,133.37 | 265.34 | **6,039.80** | **2,610.09** | 3,062.62 |
| Vehicles given on operating lease | - | 77.15 | - | **77.15** | - | 1.04 | - | **1.04** | **76.11** | - |
| **Total (i)** | **28,801.28** | **4,509.00** | **1,369.76** | **31,940.52** | **17,957.74** | **4,027.86** | **1,287.51** | **20,698.09** | **11,242.43** | **10,843.54** |
| **ii) Intangible assets :** | | | | | | | | | | |
| Computer software | **2,902.07** | 807.39 | - | **3,709.46** | **2,594.14** | 391.35 | - | **2,985.49** | **723.97** | 307.93 |
| **Total (ii)** | **2,902.07** | **807.39** | **-** | **3,709.46** | **2,594.14** | **391.35** | **-** | **2,985.49** | **723.97** | **307.93** |
| **iii) Capital work-in-progress:** | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | - | **49.09** |
| **Total (iii)** | - | - | - | - | - | - | - | - | - | **49.09** |
| **Total (i+ii+iii)** | **31,703.35** | **5,316.39** | **1,369.76** | **35,649.98** | **20,551.88** | **4,419.21** | **1,287.51** | **23,683.58** | **11,966.40** | **11,200.56** |

Rs. in lakhs

## 12 Fixed assets : *(Continued)*

**As at 31 March 2017**

| | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Asset description** | **As at 01 April 2016** | **Additions** | **Deductions / adjustments** | **As at 31 March 2017** | **As at 01 April 2016** | **Additions** | **Deductions / adjustments** | **As at 31 March 2017** | **As at 31 March 2017** | **As at 01 April 2016** |
| **i) Property, Plant and Equipments :** | | | | | | | | | | |
| Buildings | **108.92** | - | - | **108.92** | **21.24** | 1.82 | - | **23.06** | **85.86** | 87.68 |
| Computers | **5,548.51** | 1,468.63 | 258.25 | **6,758.89** | **4,086.17** | 981.22 | 257.72 | **4,809.67** | **1,949.22** | 1,462.34 |
| Furniture and fixtures | **7,359.26** | 390.12 | 78.92 | **7,670.46** | **3,608.92** | 779.35 | 57.40 | **4,330.87** | **3,339.59** | 3,750.34 |
| Vehicles | **5,745.17** | 995.77 | 712.32 | **6,028.62** | **3,348.47** | 936.42 | 662.52 | **3,622.37** | **2,406.25** | 2,396.70 |
| Office equipments | **7,318.80** | 1,124.35 | 208.76 | **8,234.39** | **4,223.95** | 1,149.71 | 201.89 | **5,171.77** | **3,062.62** | 3,094.85 |
| Vehicles given on operating lease | - | - | - | - | - | - | - | - | - | - |
| **Total (i)** | **26,080.66** | **3,978.87** | **1,258.25** | **28,801.28** | **15,288.75** | **3,848.52** | **1,179.53** | **17,957.74** | **10,843.54** | **10,791.91** |
| **ii) Intangible assets :** | | | | | | | | | | |
| Computer software | **2,395.82** | 506.25 | - | **2,902.07** | **1,840.52** | 753.62 | - | **2,594.14** | **307.93** | 555.30 |
| **Total (ii)** | **2,395.82** | **506.25** | **-** | **2,902.07** | **1,840.52** | **753.62** | **-** | **2,594.14** | **307.93** | **555.30** |
| **iii) Capital work-in-progress:** | | | | | | | | | | |
| Capital work-in-progress: | - | - | - | - | - | - | - | - | **49.09** | 1.85 |
| **Total (iii)** | - | - | - | - | - | - | - | - | **49.09** | **1.85** |
| **Total (i+ii+iii)** | **28,476.48** | **4,485.12** | **1,258.25** | **31,703.35** | **17,129.27** | **4,602.14** | **1,179.53** | **20,551.88** | **11,200.56** | **11,349.06** |

**Fixed assets :**
**As at 31st March 2016**

**Rs.in lacs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2015 | Additions | Deductions / adjustments | As at 31st Mar 2016 | As at 1st April, 2015 | Transitional depreciation# | Additions | Deductions / adjustments | As at 31st Mar 2016 | As at 31st Mar 2016 | As at 1st April, 2015 |
| **i) Tangible assets :** | | | | | | | | | | | |
| Premises | **108.92** | - | - | **108.92** | **19.41** | - | 1.83 | - | **21.24** | **87.68** | 89.51 |
| Computers | **5021.18** | 805.07 | 277.74 | **5548.51** | **3573.68** | - | 790.10 | 277.61 | **4086.17** | **1462.34** | 1447.50 |
| Furniture and fixtures | **6816.95** | 608.85 | 66.54 | **7359.26** | **2857.03** | - | 809.10 | 57.21 | **3608.92** | **3750.34** | 3959.92 |
| Vehicles | **5168.15** | 994.08 | 417.06 | **5745.17** | **2806.47** | - | 854.97 | 312.97 | **3348.47** | **2396.70** | 2361.68 |
| Office equipments | **5998.54** | 1646.90 | 326.64 | **7318.80** | **3349.41** | - | 1194.54 | 320.00 | **4223.95** | **3094.85** | 2649.13 |
| **Total (i)** | **23113.74** | **4054.90** | **1087.98** | **26080.66** | **12606.00** | **-** | **3650.54** | **967.79** | **15288.75** | **10791.91** | **10507.74** |
| March 2015 : | 19889.78 | 3516.56 | 292.60 | 23113.74 | 8453.53 | 481.39 | 3869.88 | 198.80 | 12606.00 | 10507.74 | 11436.25 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | **1868.29** | **527.53** | - | **2395.82** | **1402.25** | **-** | **438.27** | - | **1840.52** | **555.30** | 466.04 |
| **Total (ii)** | **1868.29** | **527.53** | **-** | **2395.82** | **1402.25** | **-** | **438.27** | **-** | **1840.52** | **555.30** | **466.04** |
| March 2015 : | 1614.60 | 253.69 | - | 1868.29 | 1120.50 | - | 281.75 | - | 1402.25 | 466.04 | 494.10 |
| **Total (i+ii)** | **24982.03** | **4582.43** | **1087.98** | **28476.48** | **14008.25** | **-** | **4088.81** | **967.79** | **17129.27** | **11347.21** | **10973.78** |
| March 2015 : | 21504.38 | 3770.25 | 292.60 | 24982.03 | 9574.03 | 481.39 | 4151.63 | 198.80 | 14008.25 | 10973.78 | 11930.35 |

# represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on recomputation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no.24).

**Fixed assets :**
**As at 31st March 2015**

**Rs.in lacs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2014 | Additions | Deductions / adjustments | As at 31st March 2015 | As at 1st April, 2014 | Transitional depreciation# | Additions | Deductions / adjustments | As at 31st March 2015 | As at 31st March 2015 | As at 1st April, 2014 |
| **i) Tangible assets :** | | | | | | | | | | | |
| Premises | **108.92** | - | - | **108.92** | **17.59** | - | 1.82 | - | **19.41** | **89.51** | 91.33 |
| Computers | **4096.06** | 970.18 | 45.06 | **5021.18** | **2099.10** | 401.44 | 1118.20 | 45.06 | **3573.68** | **1447.50** | 1996.96 |
| Furniture and fixtures | **6252.18** | 583.19 | 18.42 | **6816.95** | **2032.83** | 36.38 | 799.84 | 12.02 | **2857.03** | **3959.92** | 4219.35 |
| Vehicles | **4836.17** | 530.54 | 198.56 | **5168.15** | **2094.53** | 1.86 | 823.09 | 113.01 | **2806.47** | **2361.68** | 2741.64 |
| Office equipments | **4596.45** | 1432.65 | 30.56 | **5998.54** | **2209.48** | 41.71 | 1126.93 | 28.71 | **3349.41** | **2649.13** | 2386.97 |
| **Total (i)** | **19889.78** | **3516.56** | **292.60** | **23113.74** | **8453.53** | **481.39** | **3869.88** | **198.80** | **12606.00** | **10507.74** | **11436.25** |
| March 2014 : | 18648.46 | 3426.06 | 2184.74 | 19889.78 | 8238.67 | - | 2309.10 | 2094.24 | 8453.53 | 11436.25 | 10409.79 |
| **ii) Intangible assets :** | | | | | | | | | | | |
| Computer software | **1614.60** | **253.69** | - | **1868.29** | **1120.50** | - | **281.75** | - | **1402.25** | **466.04** | 494.10 |
| **Total (ii)** | **1614.60** | **253.69** | - | **1868.29** | **1120.50** | - | **281.75** | - | **1402.25** | **466.04** | **494.10** |
| March 2014 : | 1150.30 | 464.30 | - | 1614.60 | 999.98 | - | 120.52 | - | 1120.50 | 494.10 | 150.32 |
| **Total (i+ii)** | **21504.38** | **3770.25** | **292.60** | **24982.03** | **9574.03** | **481.39** | **4151.63** | **198.80** | **14008.25** | **10973.78** | **11930.35** |
| **March 2014 :** | **19798.76** | **3890.36** | **2184.74** | **21504.38** | **9238.65** | - | **2429.62** | **2094.24** | **9574.03** | **11930.35** | **10560.11** |

# represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on recomputation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no.24).

**Fixed assets :**
**As at 31st March 2014**

**Rs.in lacs**

| Asset description | GROSS BLOCK AT COST | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2013 | Additions | Deductions / adjustments | As at 31st March 2014 | As at 1st April, 2013 | Additions | Deductions / adjustments | As at 31st March 2014 | As at 31st March 2014 | As at 1st April, 2013 |
| **i) Tangible assets :** | | | | | | | | | | |
| Land | **0.00** | 0.00 | 0.00 | **0.00** | **0.00** | 0.00 | 0.00 | **0.00** | **0.00** | 0.00 |
| Premises | **108.92** | - | - | **108.92** | **15.82** | 1.77 | - | **17.59** | **91.33** | 93.10 |
| Plant and Equipment * | **0.00** | | | **0.00** | **0.00** | | | **0.00** | **0.00** | 0.00 |
| Computers | **4529.66** | 709.09 | 1142.69 | **4096.06** | **2695.32** | 545.44 | 1141.66 | **2099.10** | **1996.96** | 1834.34 |
| Furniture and fixtures | **5734.20** | 775.54 | 257.56 | **6252.18** | **1812.81** | 453.15 | 233.13 | **2032.83** | **4219.35** | 3921.39 |
| Vehicles | **4050.98** | 1088.68 | 303.49 | **4836.17** | **1729.51** | 608.06 | 243.04 | **2094.53** | **2741.64** | 2321.47 |
| Office equipment | **4224.70** | 852.75 | 481.00 | **4596.45** | **1985.21** | 700.68 | 476.41 | **2209.48** | **2386.97** | 2239.49 |
| Total (i) | **18648.46** | **3426.06** | **2184.74** | **19889.78** | **8238.67** | **2309.10** | **2094.24** | **8453.53** | **11436.25** | **10409.79** |
| March 2013 : | 15855.29 | 2977.07 | 183.90 | 18648.46 | 6240.82 | 2129.41 | 131.56 | 8238.67 | **10409.79** | 9614.47 |
| **ii) Intangible assets :** | | | | | | | | | | |
| Computer software | **1150.30** | 464.30 | - | **1614.60** | **999.98** | 120.52 | - | **1120.50** | **494.10** | 150.32 |
| Any Other (specify)* | **0.00** | | | **0.00** | | | | **0.00** | **0.00** | 0.00 |
| Total (ii) | **1150.30** | **464.30** | **-** | **1614.60** | **999.98** | **120.52** | **-** | **1120.50** | **494.10** | **150.32** |
| March 2013 : | 1000.17 | 150.13 | - | 1150.30 | 905.06 | 94.92 | - | 999.98 | **150.32** | 95.11 |
| **Total (i+ii)** | **19798.76** | **3890.36** | **2184.74** | **21504.38** | **9238.65** | **2429.62** | **2094.24** | **9574.03** | **11930.35** | **10560.11** |

Rs. in lakhs

## 13 Non-current investments :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **A) Quoted (at cost ) : Trade** | | | | | |
| (i) Government securities (refer note 13(i)) | **70,251.08** | 70,418.03 | 63,220.81 | 50,612.79 | 37,895.56 |
| (ii) Secured redeemable non-convertible debentures ((refer note 13(ii (a)) | **6,200.00** | 8,975.00 | 2,000.01 | 5,354.17 | - |
| (Non-current portion of long term investments in secured redeemable non-convertible debentures) | | | | | |
| **Non -Trade :** | | | | | |
| - Units of mutual funds | **200.00** | 200.00 | - | - | - |
| (HDFC Charity fund for Cancer cure - Debt plan, a Close-ended scheme with regular option maturing on May 5, 2020 where 50% of the dividend would be donated to Indian Cancer Society and eligible for claiming deduction under section 80 G of the Income Tax Act, 1961; Market value: Rs. 200.56 Lakhs (31 March 2017: Rs.200.53 Lakhs)) | | | | | |
| **Total - A** | **76,651.08** | 79,593.03 | 65,220.82 | 55,966.96 | 37,895.56 |
| **B) Unquoted (at cost ) : Non-trade** | | | | | |
| **(a) Equity investment in subsidiary companies :** | | | | | |
| (i) Mahindra Insurance Brokers Limited | **45.16** | 47.98 | 47.98 | 47.98 | 47.98 |
| 20,61,856 (31 March 2017: 21,90,722) equity shares of face value of Rs.10/- each fully paid up (refer note no. 13(iv)) | | | | | |
| (ii) Mahindra Rural Housing Finance Limited | **36,252.22** | 23,252.22 | 11,877.22 | 8,380.00 | 6,190.00 |
| 9,62,40,655 (31 March 2017: 8,32,40,655) equity shares of Rs.10/- each fully paid up (refer note 13 (iii) (a)) | | | | | |
| (iii) Mahindra Asset Management Company Private Ltd. | **12,000.00** | 9,100.00 | 6,055.00 | 105.00 | 5.00 |
| 12,00,00,000 (31 March 2017: 9,10,00,000) equity shares of Rs.10/- each fully paid up (refer note 13 (iii) (b)) | | | | | |
| (iv) Mahindra Trustee Company Private Ltd. | **50.00** | 50.00 | 15.00 | 5.00 | - |
| 50,00,000 (31 March 2017: 50,00,000) equity shares of Rs.10/- each fully paid up | | | | | |
| | **48,347.38** | 32,450.20 | 17,995.20 | 8,537.98 | 6,243.98 |
| **(b) Equity investment in Joint Venture :** | | | | | |
| 49% Ownership in Mahindra Finance USA, LLC | **20,091.60** | 18,429.16 | 15,317.32 | 10,787.01 | 7,788.05 |
| (Joint venture entity with De Lage Landen Financial Services INC. in United States of America) (refer note no. 13 (iii) (c)) | | | | | |
| **(c) Equity investment in other entities :** | | | | | |
| i) New Democratic Electoral Trust | **1.00** | 1.00 | 0.05 | 0.05 | - |
| 10,000 (31 March 2017: 10,000) equity shares of Rs.10/- each fully paid up | | | | | |
| ii) Orizonte Business Solutions Limited | **700.00** | - | - | - | - |
| 35,00,000 (31 March 2017: Nil) equity shares of face value of Rs.10/- each, at a premium of Rs.10/- per share, fully paid up (refer note 13 (iii) (e)) | | | | | |
| **(d) Investment in Bonds / Debentures :** | | | | | |
| 70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited | **-** | 700.00 | 700.00 | 700.00 | 700.00 |
| (Tenure : 5 years and 6 months ; Maturity : 28th Sep, 2018) | | | | | |
| | **20,792.60** | 19,130.16 | 16,017.37 | 11,487.06 | 8,488.05 |
| Total - B | **69,139.98** | 51,580.36 | 34,012.57 | 20,025.04 | 14,732.03 |
| **Total** | **145,791.06** | 131,173.39 | 99,233.39 | 75,992.00 | 52,627.59 |

**Additional Information :**

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| a) Aggregate amount of quoted investments and market value - | | | | | |
| - Aggregate amount | 76,651.08 | 79,593.03 | 65,220.82 | 55,966.96 | 37,895.56 |
| - Market value # | 80,264.86 | 84,807.78 | 67,928.16 | 58,916.61 | 36,504.87 |
| b) Aggregate amount of unquoted investments | 69,139.98 | 51,580.36 | 34,012.57 | 20,025.04 | 14,732.03 |

# Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

Rs. in lakhs

## 13 Non-current investments : *(Continued)*

**i) Details of quoted Long-term investments in Government stock :**

**As at 31 March 2018**

| | Face value Rs. | No. of units | Amount Rs.in lakhs | Market value Rs.in lakhs |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 947.79 | 1,002.88 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,500,000 | 1,427.50 | 1,504.33 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 932.55 | 1,002.88 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1,000,000 | 885.25 | 993.35 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500,000 | 488.65 | 509.00 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1,000,000 | 1,043.32 | 1,087.45 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,003.47 | 1,032.20 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,001.01 | 1,032.20 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,500,000 | 1,504.22 | 1,548.15 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.95 | 516.05 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.71 | 516.05 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,000,000 | 955.80 | 1,032.10 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 900.55 | 990.00 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 904.70 | 990.00 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2,000,000 | 2,022.81 | 2,121.40 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2,500,000 | 2,614.24 | 2,697.04 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1,000,000 | 1,076.78 | 1,078.82 |
| MP SDL 8.15%-13/11/2025 | 100 | 2,500,000 | 2,500.80 | 2,542.08 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,100,000 | 1,163.02 | 1,118.51 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,200,000 | 1,268.75 | 1,220.20 |
| TN SDL 8.27%-23/12/2025 | 100 | 1,000,000 | 1,001.59 | 1,022.96 |
| Maharashtra SDL 8.26% 23/12/2025 | 100 | 2,000,000 | 2,121.55 | 2,044.78 |
| Rajasthan SDL 8.30% 13/01/2026 | 100 | 2,500,000 | 2,694.84 | 2,560.96 |
| UP SDL 8.39% 27/01/2026 | 100 | 500,000 | 500.52 | 514.69 |
| AP SDL 8.39% 27/01/2026 | 100 | 1,000,000 | 1,001.05 | 1,029.38 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2,000,000 | 2,050.01 | 2,084.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2,000,000 | 1,898.50 | 2,078.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 959.15 | 1,039.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 956.33 | 1,039.00 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 1,013.67 | 1,039.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1,500,000 | 1,380.75 | 1,557.07 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,868.10 | 2,076.09 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,867.90 | 2,076.09 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1,000,000 | 932.65 | 1,038.04 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 2,001.92 | 2,076.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,022.80 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,023.88 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500,000 | 513.37 | 549.31 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,027.07 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500,000 | 521.49 | 549.31 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,034.63 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,500,000 | 1,581.38 | 1,647.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,090.24 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,076.08 | 1,098.62 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,500,000 | 1,450.20 | 1,647.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2,000,000 | 2,165.68 | 2,197.25 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2,500,000 | 2,401.50 | 2,618.35 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1,000,000 | 1,009.27 | 1,051.63 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1,000,000 | 1,027.98 | 1,051.63 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1,000,000 | 1,023.52 | 1,048.90 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1,500,000 | 1,544.89 | 1,590.22 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1,500,000 | 1,359.30 | 1,590.28 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,000,000 | 1,016.09 | 1,120.00 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,000,000 | 1,020.98 | 1,120.00 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,500,000 | 1,469.33 | 1,680.00 |
| **Total** | | **70,300,000** | **70,251.08** | **73,864.30** |

Rs. in lakhs

## 13 Non-current investments : *(Continued)*

### i) Details of quoted Long-term investments in Government stock : *(Continued)*

**As at 31 March 2017**

| | Face value Rs. | No. of units | Amount Rs.in lakhs | Market value Rs.in lakhs |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 947.79 | 1,009.88 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,500,000 | 1,427.50 | 1,514.81 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1,000,000 | 932.55 | 1,009.88 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1,000,000 | 885.25 | 996.12 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500,000 | 488.65 | 515.25 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1,000,000 | 1,057.01 | 1,123.26 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,004.37 | 1,055.24 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1,000,000 | 1,001.28 | 1,055.24 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,500,000 | 1,505.17 | 1,586.44 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.95 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500,000 | 490.71 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1,000,000 | 955.80 | 1,057.63 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 900.55 | 1,004.32 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1,000,000 | 904.70 | 1,004.32 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2,000,000 | 2,026.85 | 2,175.50 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2,500,000 | 2,631.47 | 2,766.26 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1,000,000 | 1,088.37 | 1,106.50 |
| MP SDL 8.15%-13/11/2025 | 100 | 2,500,000 | 2,500.91 | 2,601.97 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,100,000 | 1,171.29 | 1,144.87 |
| MP SDL 8.15%-13/11/2025 | 100 | 1,200,000 | 1,277.77 | 1,248.95 |
| TN SDL 8.27%-23/12/2025 | 100 | 1,000,000 | 1,001.79 | 1,031.17 |
| Maharashtra SDL 8.26% 23/12/2025 | 100 | 2,000,000 | 2,137.26 | 2,128.34 |
| Rajasthan SDL 8.30% 13/01/2026 | 100 | 2,500,000 | 2,719.85 | 2,748.14 |
| UP SDL 8.39% 27/01/2026 | 100 | 500,000 | 500.59 | 500.67 |
| AP SDL 8.39% 27/01/2026 | 100 | 1,000,000 | 1,001.18 | 1,001.34 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2,000,000 | 2,056.05 | 2,141.26 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2,000,000 | 1,898.50 | 2,125.20 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 959.15 | 1,062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 956.33 | 1,062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1,000,000 | 1,015.21 | 1,062.60 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1,500,000 | 1,380.75 | 1,606.50 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,868.10 | 2,142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 1,867.90 | 2,142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1,000,000 | 932.65 | 1,071.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2,000,000 | 2,002.12 | 2,142.00 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,024.59 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,025.76 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500,000 | 514.42 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,029.20 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500,000 | 523.19 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,037.36 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,500,000 | 1,587.80 | 1,685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,097.36 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,000,000 | 1,082.08 | 1,123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1,500,000 | 1,450.20 | 1,685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2,000,000 | 2,178.73 | 2,247.73 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2,500,000 | 2,401.50 | 2,677.91 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1,000,000 | 1,009.91 | 1,073.92 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1,000,000 | 1,029.93 | 1,073.92 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1,000,000 | 1,025.02 | 1,079.42 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1,500,000 | 1,547.36 | 1,635.00 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1,500,000 | 1,359.30 | 1,628.22 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,000,000 | 1,016.75 | 1,136.01 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,000,000 | 1,021.87 | 1,136.02 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1,500,000 | 1,469.33 | 1,704.02 |
| **Total** | | **70,300,000** | **70,418.03** | **75,632.25** |

Quoted investments of Rs.70,251.08 Lakhs (31 March 2017: Rs. 70418.03 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust.

Rs. in lakhs

## 13 Non-current investments : *(Continued)*

**ii) Details of investments in Secured redeemable non-convertible debentures :**

**As at 31 March 2018**

| Sr. no. | Particulars | Total quantity | Total Face Value | a) Non-current | b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac | 800 | 8,000.00 | 1,200.00 | 4,400.00 | 5,600.00 |
| 2 | Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 3 | Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 4 | Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 5 | Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 75 | 750.00 | - | 375.00 | 375.00 |
| 6 | Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | - | 750.00 | 750.00 |
| 7 | Home Credit India Finance Private Limited Sr-29471-30220 13.12 Ncd 26Mr21 FV Rs10Lac | 750 | 7,500.00 | 5,000.00 | 2,500.00 | 7,500.00 |
| | **Total** | | | **6,200.00** | **10,275.00** | **16,475.00** |

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**As at 31 March 2017**

| Sr. no. | Particulars | Total quantity | Total Face Value | a) Non-current | b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | Intrepid Finance And Leasing Private Limited Sr-F 13 Xirr Ncd 28Ag17 FV Rs 416667 | 80 | 800.00 | - | 166.67 | 166.67 |
| 2 | Light Microfinance Private Limited Sr-F 13.6 Xirr Ncd 28Ag17 FV Rs10Lac | 75 | 750.00 | - | 156.25 | 156.25 |
| 3 | M Power Microfinance Private Limited Sr-F 13.1 Xirr Ncd 28Ag17 FV Rs10Lac | 75 | 750.00 | - | 156.25 | 156.25 |
| 4 | Saija Finance Private Limited Sr-F 13.1 Xirr Ncd 28Ag17 FV Rs10Lac | 80 | 800.00 | - | 166.67 | 166.67 |
| 5 | Satin Creditcare Network Limited Sr-F 12.3 Xirr Ncd 28Ag17 FV Rs10Lac | 300 | 3,000.00 | - | 625.00 | 625.00 |
| 6 | Sv Creditline Pvt. Ltd. Sr-F 12.75 Xirr Ncd 28Ag17 FV Rs10Lac | 200 | 2,000.00 | - | 416.67 | 416.67 |
| 7 | Annapurna Microfinance Private Limited Sr-F 12.75 Xirr Ncd 28Ag17 FV Rs250000 | 150 | 1,500.00 | - | 312.50 | 312.50 |
| 8 | Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac | 800 | 8,000.00 | 5,600.00 | 2,400.00 | 8,000.00 |
| 9 | Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | 750.00 | 750.00 | 1,500.00 |
| 10 | Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | 750.00 | 750.00 | 1,500.00 |
| 11 | Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | 750.00 | 750.00 | 1,500.00 |
| 12 | Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 75 | 750.00 | 375.00 | 375.00 | 750.00 |
| 13 | Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac | 150 | 1,500.00 | 750.00 | 750.00 | 1,500.00 |
| | **Total** | | | **8,975.00** | **7,775.01** | **16,750.01** |

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**iii) During the year, the Company has made following equity investments –**

a) Rs.13000.00 Lakhs (31 March 2017: Rs. 11375.00 Lakhs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,30,00,000 Equity shares of Rs.10/- each for cash at Rs.100.00 per share, including premium of Rs.90.00 per equity share on a rights basis, fully paid up (31 March 2017: 1,69,77,612 Equity shares of Rs.10/- each for cash at Rs.57.00 per share, including premium of Rs.30/- per equity share, fully paid up).

Rs. in lakhs

**13 Non-current investments : *(Continued)***

**iii) During the year, the Company has made following equity investments – *(Continued)***

b) Rs.2,900.00 Lakhs (31 March 2017: Rs. 3,045.00 Lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 2,90,00,000 (31 March 2017: 3,04,50,000) Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs.1,662.44 Lakhs (31 March 2017: Rs. 3,111.84 Lakhs) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

d) During the previous year, the Company had made an additional investment of Rs.0.95 Lakh in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis. During the current year, there were no further investment made in New Democratic Electoral Trust.

e) Rs.700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smart shift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs.10/- each, for cash, at a premium of Rs.10/- per share.

**iv)** During the year, the Company has sold 1,28,866 equity shares of face value of Rs.10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs.5,044.00 per share for a consideration aggregating to Rs.6,500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs.6,497.18 lakhs on a standalone basis and the same has been shown as an Exceptional items in the Statement of profit and loss.

**For FY 2016-17:-**

**i) Details of quoted Long-term investments in Government stock :**

**As at March 31, 2017:**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 | 1009.88 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 | 1514.81 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 | 1009.88 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 | 996.12 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 | 515.25 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1057.01 | 1123.26 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1004.37 | 1055.24 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.28 | 1055.24 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1505.17 | 1586.44 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 | 528.81 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 | 1057.63 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 | 1004.32 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 | 1004.32 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2026.85 | 2175.50 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2631.47 | 2766.26 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1088.37 | 1106.50 |
| MP SDL 8.15%-13/11/2025 | 100 | 2500000 | 2500.91 | 2601.97 |
| MP SDL 8.15%-13/11/2025 | 100 | 1100000 | 1171.29 | 1144.87 |
| MP SDL 8.15%-13/11/2025 | 100 | 1200000 | 1277.77 | 1248.95 |
| TN SDL 8.27%-23/12/2025 | 100 | 1000000 | 1001.79 | 1031.17 |
| Maharashtra SDL 8.26% 23/12/2025 | 100 | 2000000 | 2137.26 | 2128.34 |
| Rajasthan SDL 8.30% 13/01/2026 | 100 | 2500000 | 2719.85 | 2748.14 |
| UP SDL 8.39% 27/01/2026 | 100 | 500000 | 500.59 | 500.67 |
| AP SDL 8.39% 27/01/2026 | 100 | 1000000 | 1001.18 | 1001.34 |

| | | | | |
|---|---|---|---|---|
| Govt Stock 8.33%-09/07/2026 | 100 | 2000000 | 2056.05 | 2141.26 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 | 2125.20 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 | 1062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 | 1062.60 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 1015.21 | 1062.60 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 | 1606.50 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 | 2142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 | 2142.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 | 1071.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.12 | 2142.00 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1024.59 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1025.76 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 514.42 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.20 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 523.19 | 561.93 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1037.36 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1587.80 | 1685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1097.36 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1082.08 | 1123.86 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 | 1685.79 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2178.73 | 2247.73 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 | 2677.91 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1009.91 | 1073.92 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1029.93 | 1073.92 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1000000 | 1025.02 | 1079.42 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1500000 | 1547.36 | 1635.00 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 | 1628.22 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1016.77 | 1136.02 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1021.87 | 1136.02 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 | 1704.02 |
| **Total** | | **70300000** | **70418.03** | **75632.25** |

**As at March 31, 2016:**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Units | Amount | Market Value |
|---|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 | 982.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 | 1473.75 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 | 982.50 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 | 962.40 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 | 503.00 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1070.70 | 1101.48 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1005.27 | 1014.70 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.54 | 1014.70 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1506.11 | 1520.23 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 | 506.74 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 | 506.74 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 | 1013.49 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 | 966.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 | 966.80 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2030.88 | 2117.00 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2648.71 | 2710.06 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1099.95 | 1084.02 |
| MP SDL 8.15%-13/11/2025 | 100 | 2500000 | 2501.01 | 2498.96 |
| TN SDL 8.27%-23/12/2025 | 100 | 1000000 | 1002.00 | 1011.09 |
| UP SDL 8.39% 27/01/2026 | 100 | 500000 | 500.66 | 500.67 |
| UP SDL 8.39% 27/01/2026 | 100 | 1000000 | 1001.31 | 1001.34 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2000000 | 2062.09 | 2028.40 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 | 2056.81 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 | 1028.40 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 | 1028.40 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 1016.75 | 1028.40 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 | 1542.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 | 2057.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 | 2057.00 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 | 1028.50 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.33 | 2057.00 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1026.39 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1027.65 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 515.47 | 541.34 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1031.33 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 524.88 | 541.34 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1040.09 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1594.21 | 1624.03 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1104.47 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1088.07 | 1082.69 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 | 1624.03 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2191.79 | 2165.37 |

| | | | | |
|---|---|---|---|---|
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 | 2567.88 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1010.56 | 1032.15 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1031.88 | 1032.15 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1000000 | 1026.53 | 1028.50 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1500000 | 1549.82 | 1552.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 | 1548.90 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1017.45 | 1092.05 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1022.75 | 1092.05 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 | 1638.08 |
| **Total** | | **63500000** | **63220.81** | **65928.15** |

Quoted investments of Rs. 70418.03 Lakhs (March 31, 2016: Rs. 63,220.81 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Details of investments in Secured redeemable non-convertible debentures :

**As at March 31, 2017:**

**Rs. in Lakhs**

| Sr. No | ISIN Description | Total Quantity | Face Value (Rs. In Lakhs) | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 416667 | 80 | 800 | 0.00 | 166.67 | 166.67 |
| 2 | LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAKH | 75 | 750 | 0.00 | 156.25 | 156.25 |
| 3 | M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH | 75 | 750 | 0.00 | 156.25 | 156.25 |
| 4 | SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH | 80 | 800 | 0.00 | 166.67 | 166.67 |
| 5 | SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAKH | 300 | 3000 | 0.00 | 625.00 | 625.00 |
| 6 | SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAKH | 200 | 2000 | 0.00 | 416.67 | 416.67 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS250000 | 150 | 1500 | 0.00 | 312.50 | 312.50 |
| 8 | UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28JUNE19 FVRS10LAKH | 800 | 8000 | 5600.00 | 2400.00 | 8000.00 |
| 9 | PUDHUAARU FINANCIAL SERVICED PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 10 | SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 11 | SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| 12 | SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH | 75 | 750 | 375.00 | 375.00 | 750.00 |
| 13 | ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH | 150 | 1500 | 750.00 | 750.00 | 1500.00 |
| | | | | | | |
| | **Total** | | | **8975.00** | **7775.01** | **16750.01** |

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**As at March 31, 2016**

**Rs. in Lakhs**

| Sr. No | ISIN Description | Total Quantity | Face Value (Rs. In Lakhs) | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH | 100 | 1000 | - | 416.67 | 416.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 75 | 750 | - | 187.50 | 187.50 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH | 100 | 1000 | - | 416.67 | 416.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 75 | 750 | - | 187.50 | 187.50 |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH | 150 | 1500 | - | 625.00 | 625.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 75 | 750 | - | 187.50 | 187.50 |
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 75 | 750 | - | 187.50 | 187.50 |
| 8 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 100 | 1000 | - | 250.00 | 250.00 |
| 9 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH | 200 | 2000 | - | 833.33 | 833.33 |
| 10 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 150 | 1500 | - | 375.00 | 375.00 |
| 11 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH | 150 | 1500 | - | 625.00 | 625.00 |
| 12 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH | 75 | 750 | - | 187.50 | 187.50 |
| 13 | INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000 | 80 | 800 | 166.67 | 400.00 | 566.67 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 14 | LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAKH | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 15 | M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 16 | SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH | 80 | 800 | 166.67 | 400.00 | 566.67 |
| 17 | SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAKH | 300 | 3000 | 625.00 | 1500.00 | 2125.00 |
| 18 | SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAKH | 200 | 2000 | 416.67 | 1000.00 | 1416.67 |
| 19 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000 | 150 | 1500 | 312.50 | 750.00 | 1062.50 |
| | Total | | | 2000.01 | 9279.17 | 11279.18 |

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**iii)** During the year, the Company has made following equity investments –

a) Rs.11375.00 Lakhs (March 31, 2016 : Rs. 3497.22 Lakhs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,69,77,612 Equity shares of Rs.10/- each for cash at a premium of Rs.57/- per Equity share on a rights basis on which Rs.67/- per Equity share (March 31, 2016 : 87,43,040 Equity shares of Rs.10/- each for cash at Rs.40/- per share ,including premium of Rs.30/- per Equity share) has been fully paid up.

b) Rs.3045.00 Lakhs (March 31, 2016 : Rs. 5950.00 Lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 3,04,50,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs. 35.00 Lakhs (March 31, 2016 : Rs.10.00 Lakhs) in Mahindra Trustee Company Private Limited, a wholly owned subsidiary, by subscription to 35,00,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

d) Rs.3111.84 Lakhs equivalent to US $ 4.64 million (March 31, 2016 : Rs. 4530.31 Lakhs equivalent to US $ 6.96 million) being additional equity infusion in Mahindra Finance

USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

e) Rs.0.95 Lakh (March 31, 2016 : Rs.0.05 Lakh) in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

* Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered temporary, hence no provision for diminution in value is considered necessary.

## For FY 2015-16:-

### i) Details of quoted Long-term investments in Government stock :

### As at March 31, 2016:

Rs. in Lacs

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1070.70 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1005.27 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.54 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1506.11 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2030.88 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2648.71 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1099.95 |
| MP SDL 8.15%-13/11/2025 | 100 | 2500000 | 2501.01 |
| TN SDL 8.27%-23/12/2025 | 100 | 1000000 | 1002.00 |
| UP SDL 8.39% 27/01/2026 | 100 | 500000 | 500.66 |
| UP SDL 8.39% 27/01/2026 | 100 | 1000000 | 1001.31 |
| Govt Stock 8.33%-09/07/2026 | 100 | 2000000 | 2062.09 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 1016.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.33 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1026.39 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1027.65 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 515.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1031.33 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 524.88 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1040.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1594.21 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1104.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1088.07 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |

| | | | |
|---|---|---|---|
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2191.79 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1010.56 |
| Govt Stock 8.32%-02/08/2032 | 100 | 1000000 | 1031.88 |
| Govt Stock 8.24%-10/11/2033 | 100 | 1000000 | 1026.53 |
| Govt Stock 8.33%-07/06/2036 | 100 | 1500000 | 1549.82 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1017.45 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1022.75 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **63500000** | **63220.81** |

## As at March 31, 2015:

**Rs. in Lacs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1084.47 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1507.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1006.17 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.80 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2034.93 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2666.00 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1111.57 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1028.19 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 516.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1033.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 526.58 |

| | | | |
|---|---|---|---|
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1042.83 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1600.64 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1111.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1094.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2204.88 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1018.13 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1023.64 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **51000000** | **50612.79** |

Quoted investments of Rs.63,220.81 Lacs (March 31, 2015: Rs.50,612.79 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Details of investments in Secured redeemable non-convertible debentures :

**As at March 31, 2016:**

**Rs. in Lacs**

| Sr. No | ISIN Description | Total Quantity | Face Value (Rs. In lacs) | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000 | - | 416.67 | 416.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000 | - | 416.67 | 416.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500 | - | 625.00 | 625.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 8 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000 | - | 250.00 | 250.00 |
| 9 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 200 | 2000 | - | 833.33 | 833.33 |
| 10 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 150 | 1500 | - | 375.00 | 375.00 |
| 11 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500 | - | 625.00 | 625.00 |
| 12 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750 | - | 187.50 | 187.50 |
| 13 | INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000 | 80 | 800 | 166.67 | 400.00 | 566.67 |
| 14 | LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 15 | M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 75 | 750 | 156.25 | 375.00 | 531.25 |
| 16 | SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC | 80 | 800 | 166.67 | 400.00 | 566.67 |
| 17 | SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAC | 300 | 3000 | 625.00 | 1500.00 | 2125.00 |
| 18 | SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAC | 200 | 2000 | 416.67 | 1000.00 | 1416.67 |
| 19 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000 | 150 | 1500 | 312.50 | 750.00 | 1062.50 |
| | **Total** | | | **2000.01** | **9279.17** | **11279.18** |

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**As at March 31, 2015:**

**Rs. in Lacs**

| Sr. No | ISIN Description | Total Quantity | Face Value | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.5 | 375 | 562.50 |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 8 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |
| 9 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 10 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |
| 11 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 200 | 2000.00 | 833.33 | 1000.00 | 1833.33 |
| 12 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 150 | 1500.00 | 375.00 | 750.00 | 1125.00 |
| 13 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 14 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| | **Total** | | | **5354.17** | **7875.00** | **13229.17** |

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**iii)** During the year, the Company has made following equity investments –

a) Rs. 3497.22 Lacs (March 31, 2015 : Rs.2190.00 Lacs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 87,43,040 Equity shares of Rs.10/- each for cash at a premium of Rs.30/- per Equity share on a rights basis on which Rs.40/- per Equity share (including premium of Rs.30/- per Equity share) has been fully paid up.

b) Rs. 5950.00 Lacs (March 31, 2015 : Rs.100.00 Lacs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 5,95,00,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs. 10.00 Lacs (March 31, 2015 : Rs.5.00 Lacs) in Mahindra Trustee Company Private Limited, a wholly owned subsidiary, by subscription to 1,00,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

d) Rs. 4530.31 Lacs equivalent to US $ 6.96 million (March 31, 2015 : Rs. 2998.96 Lacs equivalent to US $ 4.92 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

**iv)** During the year, the Securities Exchange Board of India (SEBI) has granted Certificate of Registration for 'Mahindra Mutual Fund' along with an approval to Mahindra Asset Management Company Private Limited, a wholly owned subsidiary, to act as the Asset Management Company to 'Mahindra Mutual Fund'.

## For FY 2014-15

### i) Details of quoted Long-term investments in Government stock :

### As at March 31, 2015:

**Rs. in Lacs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1084.47 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1507.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1006.17 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1001.80 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 900.55 |
| Govt Stock 7.16%-20/5/2023 | 100 | 1000000 | 904.70 |
| Govt Stock 8.83%-25/11/2023 | 100 | 2000000 | 2034.93 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2666.00 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1111.57 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1000000 | 932.65 |
| Govt Stock 8.24%-15/02/2027 | 100 | 2000000 | 1898.50 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 959.15 |
| Govt Stock 8.24%-15/02/2027 | 100 | 1000000 | 956.33 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 2002.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1028.19 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 516.53 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1033.47 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 526.58 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1042.83 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1600.64 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1111.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1094.09 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |
| Govt Stock 8.97%-05/12/2030 | 100 | 2000000 | 2204.88 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1018.13 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1023.64 |

| | | | |
|---|---|---|---|
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **51000000** | **50612.79** |

**As at March 31, 2014 :**

**Rs. in Lacs**

| | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1098.16 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1508.00 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1007.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1002.06 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2683.23 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1123.16 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.99 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1031.42 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 517.58 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1035.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 528.28 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1045.56 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1607.06 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1118.72 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1100.08 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1018.81 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1024.52 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **38000000** | **37895.56** |

Quoted investments of Rs.50612.79 Lacs (March 31, 2014 : Rs. 37895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Details of investments in Secured redeemable non-convertible debentures :

**As at March 31, 2015:**

**Rs. in Lacs**

| Sr. No | ISIN Description | Total Quantity | Face Value | (a) Non Current | (b) Current | Total |
|---|---|---|---|---|---|---|
| 1 | ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 2 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 3 | AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 100 | 1000.00 | 416.67 | 500.00 | 916.67 |
| 4 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.5 | 375 | 562.50 |
| 5 | ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 6 | DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 7 | FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| 8 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |
| 9 | FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 10 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 100 | 1000.00 | 250.00 | 500.00 | 750.00 |
| 11 | GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 200 | 2000.00 | 833.33 | 1000.00 | 1833.33 |
| 12 | SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 150 | 1500.00 | 375.00 | 750.00 | 1125.00 |
| 13 | SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC | 150 | 1500.00 | 625.00 | 750.00 | 1375.00 |
| 14 | SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC | 75 | 750.00 | 187.50 | 375.00 | 562.50 |
| | **Total** | | | **5354.17** | **7875.00** | **13229.17** |

**iii)** During the year, the Company has made following equity investments –

a) Rs. 2190.00 Lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, being the payment towards final call money @ Rs. 12.50 per Equity share (including premium of Rs.7.50 per Equity share) on 1,75,20,003 Equity shares of Rs.10/- each issued on a rights basis in May, 2013 for cash at a premium of Rs.15/- per Equity share, which now stands fully paid up.

b) Rs.100.00 lacs being the additional investment by subscription to 10,00,000 equity shares of face value of Rs.10/- each issued on a rights basis at par for cash in Mahindra Asset Management Company Private Limited, a wholly owned subsidiary.

c) Rs. 5.00 Lacs as initial investment in 50,000 equity shares of face value of Rs.10/- each in Mahindra Trustee Company Private Limited, a newly formed subsidiary, which was incorporated on July 10, 2013.

d) Rs. 2998.96 Lacs (US $ 4.92 million) (March 2014 : Rs. 2193.73 Lacs equivalent to US $3.84 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

e) Rs. 0.05 Lacs as investment in 500 equity shares of face value of Rs.10/- each in New Democratic Electoral Trust, a section 8 company formed by Mahindra & Mahindra Limited.

**For FY 2013-14**

**i) Details of quoted Long-term investments in Government stock :**

**As on 31st March, 2014:**

**Rs. In Lacs**

| | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 947.79 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1500000 | 1427.50 |
| Govt Stock 6.90%-13/07/2019 | 100 | 1000000 | 932.55 |
| Govt Stock 6.35%-02/01/2020 | 100 | 1000000 | 885.25 |
| Govt Stock 7.80%-03/05/2020 | 100 | 500000 | 488.65 |
| Govt Stock 10.25%-30/05/2021 | 100 | 1000000 | 1098.16 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1500000 | 1508.00 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1007.06 |
| Govt Stock 8.20%-15/02/2022 | 100 | 1000000 | 1002.06 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.95 |
| Govt Stock 8.13%-21/09/2022 | 100 | 500000 | 490.71 |
| Govt Stock 8.13%-21/09/2022 | 100 | 1000000 | 955.80 |
| Govt Stock 9.15%-14/11/2024 | 100 | 2500000 | 2683.23 |
| Govt Stock 9.15%-14/11/2024 | 100 | 1000000 | 1123.16 |
| Govt Stock 8.28%-21/09/2027 | 100 | 1500000 | 1380.75 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1868.10 |
| Govt Stock 8.28%-21/09/2027 | 100 | 2000000 | 1867.90 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1029.99 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1031.42 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 517.58 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1035.60 |
| Govt Stock 8.97%-05/12/2030 | 100 | 500000 | 528.28 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1045.56 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1607.06 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1118.72 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1000000 | 1100.08 |
| Govt Stock 8.97%-05/12/2030 | 100 | 1500000 | 1450.20 |
| Govt Stock 8.28%-15/02/2032 | 100 | 2500000 | 2401.50 |
| Govt Stock 8.30%-02/07/2040 | 100 | 1500000 | 1359.30 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1018.81 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1000000 | 1024.52 |
| Govt Stock 8.83%-12/12/2041 | 100 | 1500000 | 1469.33 |
| **Total** | | **38000000** | **37895.56** |

Quoted investments of Rs. 37895.56 Lacs are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

**ii)** During the year, the Company has made following investments –

a) Rs. 2190.00 Lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,75,20,003 Equity shares of Rs.10/- each for cash at a premium of Rs.15/- per Equity share on a rights basis on which Rs.12.50 per Equity share (including premium of Rs.7.50 per Equity share) has been paid up.

b) Rs.5.00 lacs being initial investment in 49998 equity shares of face value of Rs.10/- each in Mahindra Asset Management Company Private Limited, a newly formed subsidiary, which was incorporated on 20th June, 2013.

c) Rs.2193.73 Lacs (US $ 3.84 million) (March 2013 : Rs. 3062.69 Lacs equivalent to US $5.68 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

Rs. in lakhs

## 14 Deferred tax assets (net)

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **a) Deferred tax assets** | | | | | |
| - Provision for non performing assets / loss & expenses on assignments | **67,667.51** | 65,016.56 | 51,650.95 | 35,779.54 | 26,825.77 |
| - Provision for standard assets | **6,787.17** | 5,611.69 | 4,857.23 | 4,388.99 | 3,951.34 |
| - Other disallowances | **3,315.93** | 1,247.09 | 1,083.16 | 694.60 | 748.64 |
| - Depreciation on fixed assets | **1,622.62** | 1,291.35 | 936.30 | 663.04 | - |
| **b) Deferred tax liabilities** | | | | | |
| - Difference between written down value as per books of account and Income Tax Act, 1961 | - | - | - | - | 19.11 |
| **Total** | **79,393.23** | 73,166.69 | 58,527.64 | 41,526.17 | 31,506.64 |

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1) (vii) (a) of the Income tax Act, 1961.

## 15 Long-term loans and advances :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans and advances:** | | | | | |
| **- Secured, considered good** | | | | | |
| Loans against assets | **2,622,699.93** | 2,121,101.93 | 1,763,884.26 | 1,638,823.65 | 1,530,672.52 |
| Retained interest in Pass Through Certificates under securitization transactions | **4.25** | 40.85 | 162.02 | 403.46 | 828.43 |
| Retained interest under assignment transactions | **145.65** | 145.90 | 150.75 | 257.64 | 703.85 |
| **- Secured, considered doubtful (non-performing)** | | | | | |
| Loans against assets | **111,932.65** | 79,449.03 | 66,283.31 | 45,782.78 | 34,043.28 |
| **- Unsecured, considered good** | | | | | |
| Interest Only Strip (I/O Strip) under securitization transactions (refer note 36) | **3,013.35** | 2,471.88 | 4,730.45 | 5,175.94 | 6,629.14 |
| Loans and advances | **2,686.72** | 450.37 | 1,309.79 | 53.53 | 1,310.24 |
| **- Unsecured, considered doubtful (non-performing)** | | | | | |
| Loans and advances | **216.70** | 415.48 | 387.57 | 214.80 | 57.80 |
| **Others :** | | | | | |
| **- Unsecured, considered good** | | | | | |
| Capital advances | **-** | 20.77 | 7.08 | 238.55 | 38.64 |
| Security Deposits for office premises / others | **2,550.53** | 2,221.04 | 2,052.59 | 1,834.70 | 1,656.70 |
| Advance payment of taxes (net of provisions) | **21,680.73** | 17,333.28 | 10,927.38 | 6,597.29 | 4,847.36 |
| **Total** | **2,764,930.51** | 2,223,650.53 | 1,849,895.20 | 1,704,038.84 | 1,581,079.23 |

Rs. in lakhs

## 16 Other non-current assets :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Others :** | | | | | |
| Term deposits with banks | | | | | |
| - Free | **980.10** | 294.00 | - | 4,086.77 | 2,500.00 |
| - Under lien (refer note no. 19) | **814.62** | 10,929.88 | 3,310.23 | 18,354.12 | 11,093.00 |
| Derivative contract | **14.86** | - | 459.52 | - | - |
| Exchange gain receivable on forward contract on foreign currency loans | **941.85** | - | 391.45 | 168.00 | - |
| Deferred premium on foreign currency loan forward contracts | **2,144.55** | - | 1,015.24 | 594.57 | - |
| Prepaid expenses | **436.66** | 296.91 | 90.86 | 84.20 | 96.18 |
| Unamortised placement and arrangement fees paid on borrowing instruments | **353.61** | 458.01 | 550.19 | 500.16 | 404.89 |
| **Total** | **5,686.25** | 11,978.80 | 5,817.49 | 23,787.82 | 14,094.07 |

## 17 Current investments :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **i) Quoted -** | | | | | |
| Secured redeemable non-convertible debentures (refer note 13 (ii) (b)) | **10,275.00** | 7,775.01 | 9,279.17 | 7,875.00 | - |
| Units of mutual funds ((refer note 17 (i)) | **500.00** | 27,500.00 | - | - | - |
| | **10,775.00** | 35,275.01 | 9,279.17 | 7,875.00 | - |
| **ii) Unquoted (at cost) :** | | | | | |
| 70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited | **700.00** | - | - | - | - |
| Commercial Papers | **30,050.68** | 20,858.36 | 13,712.68 | 1,467.25 | 9,965.50 |
| | **30,750.68** | 20,858.36 | 38,534.18 | 1,467.25 | 34,254.63 |
| **Total** | **41,525.68** | 56,133.37 | 47,813.35 | 9,342.25 | 34,254.63 |

**Additional Information :**

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| Aggregate amount of quoted investments and market value - | | | | | |
| - Aggregate amount | 10,775.00 | 35,275.01 | 9,279.17 | 7,875.00 | - |
| - Market Value # | 10,800.71 | 35,283.26 | 9,279.17 | 7,875.00 | |
| Aggregate amount of unquoted investments | 30,750.68 | 22,500.00 | 39,821.50 | 1,500.00 | 34,289.13 |

# Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

**i) Details of investment in Mutual fund units –**

**As at 31 March 2018**

| Name of the Mutual Fund | Scheme name | Units | Net Asset Value Rs. | Cost Rs.in lakhs | Market value Rs.in lakhs |
|---|---|---|---|---|---|
| Mahindra Mutual Fund | Mahindra low duration– Direct – Growth | 48,617.9660 | 1081.3053 | 500.00 | 525.71 |
| **Total** | | | | **500.00** | **525.71** |

**As at 31 March 2017**

| Name of the Mutual Fund | Scheme name | Units | Net Asset Value Rs. | Cost Rs.in lakhs | Market value Rs.in lakhs |
|---|---|---|---|---|---|
| Mahindra Mutual Fund | Mahindra Liquid fund – Direct – Growth | 2,375,664.60 | 1052.6354 | 25,000.00 | 25,007.09 |
| Mahindra Mutual Fund | Mahindra ALP Samay Bachat Yojana – Direct – Growth | 247,640.16 | 1009.9978 | 2,500.00 | 2,501.16 |
| **Total** | | | | **27,500.00** | **27,508.25** |

Rs. in lakhs

## 17 Current investments : *(Continued)*

**ii) Details of unquoted current investment in Commercial Papers :**

**As at 31 March 2018**

| Particulars | Face value Rs. | Units | Amount Rs.in lakhs |
|---|---|---|---|
| Fincare Small Finance Bank Limited | 500,000.00 | 500 | 2,500.00 |
| Neo Growth Credit Pvt Limited | 500,000.00 | 800 | 4,000.00 |
| Satin Creditcare Network Limited | 500,000.00 | 1,000 | 5,000.00 |
| Satin Creditcare Network Limited | 500,000.00 | 1,000 | 5,000.00 |
| Northern Arc Capital Limited | 500,000.00 | 2,000 | 10,000.00 |
| IKF Finance Limited | 500,000.00 | 1,000 | 5,000.00 |
| **Total at face value** | | **6,300** | **31,500.00** |
| **Less : Unamortised discounting charges** | | | **1,449.32** |
| **Total redemption value, net of unamortized discounting charges** | | | **30,050.68** |

**As at 31 March 2017**

| Particulars | Face value Rs. | Units | Amount Rs.in lakhs |
|---|---|---|---|
| ESAF Microfinance & Investment Private Limited | 500,000.00 | 1,500 | 7,500.00 |
| Northern Arc Capital Limited | 500,000.00 | 1,500 | 7,500.00 |
| Five Star Business Finance Limited | 500,000.00 | 500 | 2,500.00 |
| Satin Creditcare Network Limited | 500,000.00 | 1,000 | 5,000.00 |
| **Total at face value** | | **4,500** | **22,500.00** |
| **Less : Unamortised discounting charges** | | | **1,641.64** |
| **Total redemption value, net of unamortized discounting charges** | | | **20,858.36** |

## For FY 2016-17:-

* Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

**a) Details of investment in Mutual fund units –**

**As at March 31, 2017 :**

| Name of the Mutual Fund | Scheme Name | Units | Net Asset Value (Rs) | Cost (Rs. in Lakhs) | Market Value (Rs. in Lakhs) |
|---|---|---|---|---|---|
| Mahindra Mutual Fund | Mahindra Liquid fund – Direct – Growth | 2375664.604 | 1052.6354 | 25000.00 | 25007.09 |
| Mahindra Mutual Fund | Mahindra ALP Samay Bachat Yojana – Direct – Growth | 247640.163 | 1009.9978 | 2500.00 | 2501.16 |
| **Total** | | | | **27500.00** | **27508.25** |

**As at March 31, 2016 : Nil**

**b) Details of unquoted current investments in certificate of deposits :**

**As at March 31, 2017 : Nil**

**As at March 31, 2016**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| IDBI BANK | 100000 | 5000 | 4992.89 |
| IDBI BANK | 100000 | 10000 | 9982.22 |
| ORIENTAL BANK OF COMMERCE | 100000 | 10000 | 9846.39 |
| **Total** | | **25000** | **24821.50** |

**c) Details of unquoted current investment in Commercial Papers :**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Total (qty) | Amount |
|---|---|---|---|
| ESAF MICROFINANCE & INVESTMENT PRIVATE LIMITED | 500000 | 1500 | 7,500.00 |
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 1500 | 7,500.00 |
| FIVE STAR BUSINESS FINANCE LIMITED | 500000 | 500 | 2,500.00 |
| SATIN CREDITCARE NETWORK LIMITED | 500000 | 1000 | 5,000.00 |
| **Total** | | **4,500.00** | **22,500.00** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| Particulars | Face Value (Rs.) | Total (qty) | Amount |
|---|---|---|---|
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 500 | 2,500.00 |
| IFMR CAPITAL FINANCE PRIVATE LIMITED | 500000 | 1000 | 5,000.00 |
| JANALAKSHMI FINANCIAL SERVICES LIMITED | 500000 | 1500 | 7,500.00 |
| **Total** | | **3000** | **15,000.00** |

## For FY 2015-16:-

* Book value is taken as market value since market quotes are not available in the absence of trades.

**# Details of unquoted current investments in certificate of deposits :**

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| IDBI BANK | 100000 | 5000 | 4992.89 |
| IDBI BANK | 100000 | 10000 | 9982.22 |
| ORIENTAL BANK OF COMMERCE | 100000 | 10000 | 9846.39 |
| **Total** | | **25000** | **24821.50** |

**As at March 31, 2015 : Nil**

## For FY 2014-15:-

* Book value is taken as market value since market quotes are not available in the absence of trades.

**# Details of unquoted current investments in certificate of deposits :**

**As at March 31, 2015 : Nil**

**As at March 31, 2014 :**

**Rs. In Lacs**

| | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Indian Bank | 100000 | 5000 | 4924.83 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Canara Bank | 100000 | 5000 | 4944.74 |
| Union Bank of India | 100000 | 5000 | 4917.75 |
| Indian Bank | 100000 | 5000 | 4906.50 |
| **Total** | | **25000** | **24289.13** |

## For FY 2013-14:-

### # Details of unquoted current investments in certificate of deposits :

### As on 31st March 2014 :

**Rs. In Lacs**

| | Face Value (Rs.) | Units | Amount |
|---|---|---|---|
| Indian Bank | 100000 | 5000 | 4924.83 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Punjab National Bank | 100000 | 2500 | 2297.66 |
| Canara Bank | 100000 | 5000 | 4944.74 |
| Union Bank of India | 100000 | 5000 | 4917.75 |
| Indian Bank | 100000 | 5000 | 4906.50 |
| **Total** | | **25000** | **24289.13** |

Rs. in lakhs

## 18 Trade receivables

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Secured, considered good :** | | | | | |
| - Lease rental receivable on operating lease transactions | **0.49** | - | - | - | - |
| (outstanding for a period not exceeding six months from the date they are due for payment) | | | | | |
| **Secured, considered doubtful (non-performing) :** | | | | | |
| - Trade receivable on hire purchase transactions | **373.39** | 374.19 | 374.19 | 375.53 | 377.66 |
| (outstanding for a period exceeding six months from the date they are due for payment) | | | | | |
| **Unsecured, considered good :** | | | | | |
| - Debts outstanding for a period exceeding six months from the date they are due for payment | **-** | 0.47 | - | 29.08 | 0.12 |
| - Debts outstanding for a period not exceeding six months from the date they are due for payment | **368.98** | 208.04 | 137.05 | 162.64 | 478.01 |
| **Total** | **742.86** | 582.70 | 511.24 | 567.25 | 855.79 |

## 19 Cash and bank balances

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **a) Cash and cash equivalents :** | | | | | |
| - Cash on hand | **904.46** | 1,723.81 | 1,872.37 | 1,276.67 | 2,542.72 |
| - Cheques and drafts on hand | **1,264.80** | 1,258.49 | 544.49 | 296.98 | 608.52 |
| - Balances with banks in current accounts | **24,996.12** | 38,163.10 | 19,078.38 | 17,203.64 | 19,031.39 |
| -Term deposits with original maturity up to 3 months | **25.00** | - | - | - | - |
| | **27,190.38** | 41,145.40 | 21,495.24 | 18,777.29 | 22,182.63 |
| **b) Bank balances other than cash and cash equivalents :** | | | | | |
| Earmarked balances with banks - | | | | | |
| - Unclaimed dividend accounts | **77.24** | 53.98 | 53.45 | 59.01 | 59.25 |
| Term deposits with maturity less than 12 months - | | | | | |
| - Free | **9,844.77** | 1,862.00 | 92.00 | - | 5,000.00 |
| - Under lien # | **3,999.70** | 14,745.12 | 36,880.77 | 28,755.88 | 28,087.00 |
| | **13,921.71** | 16,661.10 | 37,026.22 | 28,814.89 | 33,146.25 |
| **Total** | **41,112.09** | 57,806.50 | 58,521.46 | 47,592.18 | 55,328.88 |

Rs. in lakhs

## 19 Cash and bank balances *(Continued)*

**# Details of Term deposits**

| Particulars | As at 31 March 2018 | | | As at 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | Cash and bank balances | Other non-current assets | Total | Cash and bank balances | Other non-current assets | Total |
| Term deposits for SLR | **-** | **766.00** | **766.00** | 5,563.00 | 766.00 | 6,329.00 |
| Collateral deposits for securitization transactions | **3,162.88** | **37.12** | **3,200.00** | 8,766.12 | 10,047.88 | 18,814.00 |
| Legal deposits | **9.82** | **11.50** | **21.32** | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account | **802.00** | **-** | **802.00** | 413.00 | 99.00 | 512.00 |
| Collateral deposits with banks for Aadhaar authentication | **25.00** | **-** | **25.00** | - | - | - |
| **Total** | **3,999.70** | **814.62** | **4,814.32** | **14,745.12** | **10,929.88** | **25,675.00** |

## For FY 2016-17

### a) Details of Term deposits #

**Rs. in Lakhs**

| | As at March 31, 2017 | | | As at March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| (i) Term deposits for SLR | 5563.00 | 766.00 | 6329.00 | 15307.00 | 2470.00 | 17777.00 |
| (ii) Collateral deposits for securitization transactions | 8766.12 | 10047.88 | 18814.00 | 21380.77 | 513.23 | 21894.00 |
| (iii) Legal deposits | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| (iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account | 413.00 | 99.00 | 512.00 | 190.00 | 310.00 | 500.00 |
| (v) Lien free deposits | 1862.00 | 294.00 | 2156.00 | - | - | - |
| **Total** | **16607.12** | **11223.88** | **27831.00** | **36880.77** | **3310.23** | **40191.00** |

**# Term deposits with scheduled banks under lien include:**

**i)** Rs.6329.00 Lakhs (March 31, 2016 : Rs. 17777.00 Lakhs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Rs.18814.00 Lakhs (March 31, 2016 : 21894.00 Lakhs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.49 (IV)).

**iii)** Rs.20.00 Lakhs (March 31, 2016 : Rs.20.00 Lakhs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

**iv)** Rs.512.00 Lakhs (March 31, 2016 : 500.00 Lakhs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

## For FY 2015-16

### a) Details of Term deposits #

**Rs. in Lacs**

| | As at March 31, 2016 | | | As at March 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| (i) Term deposits for SLR | 15307.00 | 2470.00 | 17777.00 | 10783.00 | 13722.00 | 24505.00 |
| (ii) Collateral deposits for securitization transactions | 21380.77 | 513.23 | 21894.00 | 17469.88 | 4615.12 | 22085.00 |
| (iii) Legal deposits | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| (iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account | 190.00 | 310.00 | 500.00 | 500.00 | - | 500.00 |
| **Total** | **36880.77** | **3310.23** | **40191.00** | **28755.88** | **18354.12** | **47110.00** |

**# Term deposits with scheduled banks under lien include:**

**i)** Rs. 17777.00 Lacs (March 31, 2015 : Rs. 24505.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Rs.21894.00 Lacs (March 31, 2015 : 22085.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.49 (IV)).

**iii)** Rs.20.00 Lacs (March 31, 2015 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

**iv)** Rs.500.00 Lacs (March 31, 2015 : 500.00 lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

## For FY 2014-15

### a) Details of Term deposits #

**Rs. in Lacs**

| | As at March 31, 2015 | | | As at March 31, 2014 | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| (i) Term deposits for SLR | 10783.00 | 13722.00 | 24505.00 | 17963.00 | 501.00 | 18464.00 |
| (ii) Collateral deposits for securitization transactions | 17469.88 | 4615.12 | 22085.00 | 9621.00 | 10575.00 | 20196.00 |
| (iii) Legal deposits | 3.00 | 17.00 | 20.00 | 3.00 | 17.00 | 20.00 |
| (iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account | 500.00 | - | 500.00 | 500.00 | - | 500.00 |
| **Total** | **28755.88** | **18354.12** | **47110.00** | **28087.00** | **11093.00** | **39180.00** |

**# Term deposits with scheduled banks under lien include:**

**i)** Rs.24505.00 Lacs (March 31, 2014 : Rs. 18464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii)** Rs.22085.00 Lacs (March 31, 2014 : 20196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.37 (f)).

**iii)** Rs.20.00 Lacs (March 31, 2014 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

**iv)** Rs.500.00 Lacs (March 31, 2014 : 500.00 lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

## For FY 2013-14

**a) Details of Term deposits :**

**Rs. in Lacs**

| | March 2014 | | |
|---|---|---|---|
| | **Cash and bank balances** | **Other Non-current assets** | **Total** |
| Term deposits for SLR (i) | 17963.00 | 501.00 | 18464.00 |
| Collateral deposits for securitization transactions (ii) | 9621.00 | 10575.00 | 20196.00 |
| Legal deposits (iii) | 3.00 | 17.00 | 20.00 |
| Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv) | 500.00 | - | 500.00 |
| **Total** | **28087.00** | **11093.00** | **39180.00** |

**# Term deposits with scheduled banks under lien include:**

**i)** Rs. 18464.00 Lacs being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

**ii)** Rs. 20196.00 Lacs being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.37 (f)).

**iii)** Rs. 20.00 Lacs as special deposits kept with banks towards guarantee against legal suits filed by the Company.

**iv)** Rs.500.00 Lacs as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

Rs. in lakhs

## 20 Short-term loans and advances :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Loans and advances:** | | | | | |
| **- Secured, considered good** | | | | | |
| Loans against assets | **1,801,504.49** | 1,553,661.97 | 1,423,731.32 | 1,298,913.53 | 1,134,323.25 |
| Retained interest in Pass Through Certificates (PTC) under securitization transactions | **31.90** | 110.98 | 310.32 | 839.89 | 1,387.00 |
| Retained interest under assignment transactions | **1.46** | 15.31 | 143.30 | 524.46 | 914.35 |
| **- Secured, considered doubtful (non-performing)** | | | | | |
| Loans against assets | **283,965.44** | 268,968.36 | 203,237.01 | 130,013.83 | 84,957.85 |
| **- Unsecured, considered good** | | | | | |
| Loans and advances | **35,056.45** | 10,081.94 | 2,135.15 | 3,371.83 | 4,874.57 |
| Bills of exchange | **55,358.64** | 38,851.72 | 29,447.55 | 14,955.03 | 12,333.78 |
| Trade Advances | **139,955.43** | 117,787.88 | 115,040.60 | 104,318.29 | 117,805.85 |
| Interest Only Strip (I/O Strip) under securitization transactions (refer note 36) | **10,583.84** | 17,300.26 | 20,665.26 | 19,175.40 | 15,910.53 |
| Inter corporate deposits to other parties | **-** | - | 4,656.50 | - | 100.00 |
| Inter corporate deposits to related parties | | | | | 970.33 |
| Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.) | **-** | - | - | - | 1,091.74 |
| Other short term advances | **1,109.67** | 575.37 | 503.04 | 345.66 | 231.56 |
| **- Unsecured, considered doubtful (non-performing)** | | | | | |
| Loans and advances | **3,853.89** | 316.02 | 766.56 | 694.72 | 780.14 |
| Inter corporate deposits to related parties | **100.00** | 100.00 | 100.00 | 100.00 | 100.00 |
| Bills of exchange | **16.27** | - | - | - | - |
| Trade Advances | **3,771.58** | 3,791.46 | 1,575.91 | 1,256.06 | 605.52 |
| **Others :** | | | | | |
| **- Unsecured, considered good** | | | | | |
| Security Deposits for office premises / others | **192.45** | 421.19 | 371.44 | 364.99 | 258.99 |
| **Total** | **2,335,501.51** | **2,011,982.46** | **1,802,683.96** | **1,574,873.69** | **1,376,645.46** |

## 21 Other current assets :

| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 |
|---|---|---|---|---|---|
| **Interest accrued on -** | | | | | |
| - Investments | **1,410.39** | 1,395.18 | 1,233.46 | 958.94 | 742.74 |
| - Others deposits | **1,244.47** | 1,167.85 | 3,908.65 | 2,365.55 | 2,314.76 |
| Exchange gain receivable on forward contract on foreign currency loans | **-** | 190.40 | 888.13 | - | - |
| Deferred premium on foreign currency loan forward contracts | **2,899.09** | 504.38 | 3,341.21 | 722.96 | - |
| Prepaid expenses | **1,729.67** | 1,141.26 | 1,061.68 | 744.31 | 775.55 |
| Unamortised placement and arrangement fees paid on borrowing instruments | **123.22** | 122.51 | 120.00 | 113.40 | 94.62 |
| Insurance advances | **479.44** | 178.51 | 191.01 | 154.09 | 142.76 |
| Other receivables | **2,244.68** | 1,308.50 | 1,202.08 | 2,015.98 | 579.57 |
| **Total** | **10,130.96** | 6,008.59 | 11,946.22 | 7,859.70 | 5,733.00 |

## 22 Revenue from operations

| | | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|---|
| **a) Interest Income** | | | | | | |
| Income from loans | | **655,986.04** | 565,018.75 | 527,653.45 | 493,711.72 | 441,807.79 |
| Income from hire purchase | | **8.36** | 15.21 | 26.22 | 31.84 | 61.56 |
| Interest on term deposits / Inter-corporate deposits / Bonds etc. | | **6,482.82** | 6,551.71 | 6,918.09 | 6,133.18 | 3,795.38 |
| Interest on retained interest in PTCs under securitization transactions | | **3.43** | 12.59 | 43.55 | 97.12 | 211.79 |
| Interest on Government securities - Long term | | **5,714.35** | 5,345.19 | 4,710.02 | 3,710.69 | 2,477.24 |
| | (a) | **668,195.00** | 576,943.45 | 539,351.33 | 503,684.55 | 448,353.76 |
| **b) Other financial services** | | | | | | |
| Service charges and other fees on loan transactions | | **27,053.37** | 24,331.66 | 22,282.68 | 22,280.14 | 21,053.37 |
| Income from bill discounting | | **5,259.22** | 4,179.23 | 3,047.41 | 2,018.08 | 1,383.25 |
| Income from lease | | **2.69** | - | 1.24 | 0.51 | 0.36 |
| Income from assignment / securitisation transactions (refer note no.36) | | **14,199.95** | 11,936.72 | 20,633.45 | 25,622.33 | 21,372.47 |
| | (b) | **46,515.23** | 40,447.61 | 45,964.78 | 49,921.06 | 43,809.45 |
| **Total** | **(a + b)** | **714,710.23** | 617,391.06 | 585,316.11 | 553,605.61 | 492,163.21 |

Rs. in lakhs

## 23 Other Income

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| **Dividend income -** | | | | | |
| - Current investments in mutual fund units | **170.58** | 85.48 | 48.15 | 84.09 | 56.61 |
| - Long-term investments in subsidiary companies | **1,631.99** | 1,256.29 | 1,021.60 | 755.43 | 400.10 |
| **Net profit / loss on sale of current investments** | **59.56** | 88.48 | - | 468.64 | 9.15 |
| **Other non-operating** | | | | | |
| - Profit on sale / retirement of owned assets (net) | **51.28** | 15.24 | 107.10 | 14.99 | 8.29 |
| - Income from shared services | **3,310.83** | 4,580.24 | 3,595.55 | 2,932.95 | 2,290.15 |
| - Others | **677.76** | 337.03 | 421.54 | 608.89 | 372.94 |
| **Total** | **5,902.00** | 6,362.76 | 5,193.94 | 4,864.99 | 3,137.24 |

## 24 Employee benefits expense

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Salaries and wages | **75,000.41** | 59,818.31 | 48,915.58 | 40,218.39 | 26,242.38 |
| Contribution to provident funds and other funds | **6,782.26** | 4,741.09 | 3,672.48 | 3,073.18 | 1,667.34 |
| Expense on employee stock option scheme (refer note no. 31) # | **755.03** | 879.82 | 1,431.06 | 1,065.33 | 307.33 |
| Staff welfare expenses | **2,638.78** | 2,650.49 | 1,861.62 | 1,551.30 | 1,516.36 |
| **Total** | **85,176.48** | 68,089.71 | 55,880.74 | 45,908.20 | 29,733.41 |

# Inclusive of ESOP costs reimbursements (net) to the holding company Rs.22.66 Lakhs (31 March 2017: Rs. 33.76 Lakhs, 31 March 2016: Rs.17.24 Lakhs, 31 March 2015: Rs.19.15 Lakhs, 31 March 2014: Rs.5.32 Lakhs) and net of recoveries from subsidiary company Rs.177.29 Lakhs (31 March 2017: Rs. 203.44 Lakhs, 31 March 2016: Rs.314.06 Lakhs, 31 March 2015: Rs.223.30 Lakhs, 31 March 2014: Rs.60.81 Lakhs).

## 25 Finance costs

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Interest expenses | **297,799.46** | 283,245.57 | 261,239.67 | 247,263.94 | 216,697.42 |
| Other borrowing costs | **2,240.42** | 2,497.13 | 2,689.52 | 2,409.19 | 2,104.03 |
| **Total** | **300,039.88** | 285,742.70 | 263,929.19 | 249,673.13 | 218,801.45 |

## 26 Depreciation and amortization expenses

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Depreciation on tangible assets | **4,027.86** | 3,848.52 | 3,650.54 | 3,869.88 | 2,309.10 |
| Amortization of intangible assets | **391.35** | 753.62 | 438.27 | 281.75 | 120.52 |
| **Total** | **4,419.21** | 4,602.14 | 4,088.81 | 4,151.63 | 2,429.62 |

Rs. in lakhs

## 27 Loan provisions and write offs

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Bad debts and write offs | **105,763.10** | 84,500.16 | 51,003.24 | 48,401.00 | 23,981.87 |
| Provision for non-performing assets (net) (refer note no.7,11 and 32 ) | **13,697.64** | 44,233.45 | 52,596.10 | 33,259.02 | 24,486.70 |
| Provision for standard assets (refer note no.7,11 and 32 ) | **3,208.00** | 2,180.00 | 1,353.00 | 1,057.00 | 2,110.00 |
| Write back of provision for diminution in the fair value of restructured advances | **(9.27)** | (0.94) | 0.64 | 9.56 | - |
| **Total** | **122,659.47** | 130,912.67 | 104,952.98 | 82,748.89 | 50,578.57 |

## 28 Other expenses

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Electricity charges | **2,170.24** | 2,039.34 | 1,850.42 | 1,608.17 | 1,378.77 |
| Rent | **6,917.84** | 6,785.70 | 6,384.04 | 5,440.30 | 4,572.80 |
| Repairs and | | | | | |
| - Buildings | **388.28** | 436.59 | 483.46 | 370.96 | 444.69 |
| - Others | **231.03** | 323.11 | 280.09 | 212.47 | 142.32 |
| Insurance | **1,875.09** | 1,650.25 | 1,422.74 | 1,133.17 | 858.08 |
| Rates and taxes, excluding taxes on income | **(58.68)** | 765.55 | 510.81 | 342.62 | 812.29 |
| Directors' sitting fees and commission | **318.67** | 275.72 | 294.55 | 214.63 | 147.02 |
| Commission and brokerage | **23,173.95** | 22,222.74 | 17,250.70 | 16,271.72 | 14,746.34 |
| Legal and professional charges | **10,736.26** | 9,563.50 | 7,235.57 | 5,867.51 | 5,983.66 |
| Manpower outsourcing cost | **1,590.24** | 706.49 | 184.73 | 33.87 | 15,011.59 |
| Payments to the auditor - | | | | | |
| - Audit fees | **57.61** | 46.82 | 44.31 | 34.40 | 29.92 |
| - Taxation matters | **25.08** | 18.18 | 7.95 | 4.68 | 4.49 |
| - Other services | **31.44** | 32.34 | 35.08 | 16.75 | 11.76 |
| - Reimbursement of expenses | **0.50** | 1.51 | 1.28 | 0.72 | 0.98 |
| CSR donations and expenses (refer note 47) | **2,703.54** | 3,047.53 | 2,905.95 | 2,487.63 | 722.69 |
| General and administrative expenses | **27,378.45** | 24,484.40 | 18,948.52 | 16,584.75 | 14,313.16 |
| **Total** | **77,539.54** | 72,399.77 | 57,840.20 | 50,624.35 | 59,180.56 |

**Expenditure incurred in foreign currency**

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Travelling expenses | 3.00 | - | 1.63 | 10.62 | 40.76 |
| Legal and professional fees | 163.62 | 295.85 | 122.91 | 126.68 | 115.24 |
| Other expenses | 353.32 | 27.17 | 10.26 | 26.10 | 18.61 |

## 29 Exceptional items

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|---|---|---|---|---|
| Profit on sale of investments in shares of subsidiary company (refer note no. 13 (iv)) | 6,497.18 | - | - | - | - |
| **Total** | **6,497.18** | **-** | **-** | **-** | **-** |

Rs. in lakhs

## 30 Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27)

The Company has interest in the following jointly controlled entity.

| Name of the entity | | Country of Incorporation | % Holding |
|---|---|---|---|
| i) | Mahindra Finance USA, LLC | United States of America | 49.00% |

**ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities**

| Sr. no. | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| I | **ASSETS** | | |
| | 1 Long-term loans and advances | 269,341.37 | 226,440.34 |
| | 2 Deferred tax assets | 736.87 | 1,028.95 |
| | 3 Cash and cash equivalents | 748.64 | 577.88 |
| | 4 Short-term loans and advances | 68,849.03 | 67,937.52 |
| | 5 Other current assets | 1,263.15 | 1,142.89 |
| II | **LIABILITIES** | | |
| | 1 Long-term borrowings | 122,372.58 | 118,296.56 |
| | 2 Other Long-term liabilities | - | - |
| | 3 Long term provisions | 989.79 | 775.45 |
| | 4 Short term borrowings | 109,429.15 | 80,431.74 |
| | 5 Other current liabilities | 75,055.46 | 69,333.16 |
| | 6 Short term provisions | 252.87 | 233.16 |
| | | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
| III | **INCOME** | | |
| | 1 Revenue from operations | 17,274.07 | 14,013.55 |
| | 2 Other income | 479.11 | 809.26 |
| IV | **EXPENSES** | | |
| | 1 Finance costs | 7,001.47 | 5,656.00 |
| | 2 Provisions and write-offs | 1,068.00 | 912.31 |
| | 3 Other expenses | 4,484.43 | 4,013.33 |
| | 4 Provision for current tax | 1,839.62 | 1,884.27 |
| | 5 Provision for deferred tax | 291.04 | (319.60) |

## 31 Employee Stock Option Plan

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,49,89,782 equity shares to employees up to 31 March 2018 (31 March 2017: 1,45,54,477 equity shares), of which 4,35,305 equity shares (31 March 2017: 4,40,284 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| **Particulars** | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of each vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 62,130 (31 March 2017: 2,17,400) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| **Particulars** | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| | Grant dated 24 January | Grant dated 5 January 2017 |
| No. of options granted | 62,130 | 217,400 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 506.00 | 355.10 |
| Total amount to be amortized over the vesting period (Rs. in Lakhs) | 314.38 | 771.99 |
| Charge to Statement of profit and loss for the year (Rs. in Lakhs) | 35.06 | 86.92 |
| Compensation in respect of lapsed cases (Rs. in Lakhs) # | 7.96 | 10.70 |
| Unamortized amount carried forward (Rs. in Lakhs) | 271.36 | 674.37 |

# pertaining to 1,572 (31 March 2017: 3,014) stock options forfeited/lapsed during the year.

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| | **Year ended 31 March 2018** | | **Year ended 31 March 2017** | |
|---|---|---|---|---|
| | Grant dated 24 January 2018 | | Grant dated 5 January 2017 | |
| **Vesting date** | Expected Vesting | Fair Value per share (Rs.) | Expected Vesting | Fair Value per share (Rs.) |
| 5 January 2019 | 12,473 | 495.92 | 43,482 | 337.36 |
| 5 January 2020 | 12,473 | | 43,482 | |
| 5 January 2021 | 12,473 | | 43,482 | |
| 5 January 2022 | 12,473 | | 43,482 | |
| 5 January 2023 | 12,238 | | 43,472 | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| **Variables#** | Grant dated 24 January 2018 | Grant dated 5 January 2017 |
| 1) Risk free interest rate | 7.16% | 6.67% |
| 2) Expected life | 4.50 years | 4.70 years |
| 3) Expected volatility | 37.61% | 38.28% |
| 4) Dividend yield | 0.47% | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant | 508.00 | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

## 31 Employee Stock Option Plan *(Continued)*

c) Summary of stock options

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average exercise price (Rs.) | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 1,467,709 | 2.00 | 1,714,173 | 2.00 |
| Options granted during the year | 62,130 | 2.00 | 217,400 | 2.00 |
| Options forfeited/lapsed during the year | 10,547 | 2.00 | 23,580 | 2.00 |
| Options exercised during the year | 435,305 | 2.00 | 440,284 | 2.00 |
| Options outstanding at the end of the year | 1,083,987 | 2.00 | 1,467,709 | 2.00 |
| Options vested but not exercised at the end of the year | 189,612 | 2.00 | 235,038 | 2.00 |

d) Information in respect of options outstanding :

| Grant date / Exercise price | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life | No. of stock options | Weighted average remaining life |
| **Scheme 2010 :** | | | | |
| 7 February 2011 at Rs.2.00 | 12,305 | 10 months | 35,090 | 21 months |
| 25 January 2012 at Rs.2.00 | 15,512 | 19 months | 38,580 | 30 months |
| 22 July 2013 at Rs.2.00 | 9,980 | 37 months | 19,020 | 44 months |
| 21 October 2013 at Rs.2.00 | 32,203 | 27 months | 39,116 | 39 months |
| 21 October 2014 at Rs.2.00 | 739,245 | 45 months | 1,075,448 | 52 months |
| 21 October 2015 at Rs.2.00 | 31,519 | 56 months | 46,069 | 59 months |
| 5 January 2017 at Rs.2.00 | 182,665 | 62 months | 214,386 | 70 months |
| 24 January 2018 at Rs.2.00 | 60,558 | 71 months | - | - |
| **Total** | **1,083,987** | | **1,467,709** | |

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|
| Date of Exercise | Average share price (Rs.) | Date of Exercise | Average share price (Rs.) |
| 28 April 2017 | 334.70 | 25 April 2016 | 293.29 |
| 25 May 2017 | 301.21 | 20 May 2016 | 297.89 |
| 21 June 2017 | 349.24 | 21 June 2016 | 323.35 |
| 26 July 2017 | 396.95 | 26 July 2016 | 318.59 |
| 31 August 2017 | 428.18 | 29 August 2016 | 344.10 |
| 22 September 20 | 416.65 | 19 September 2016 | 343.71 |
| 30 October 2017 | 426.17 | 27 October 2016 | 365.77 |
| 21 November 20 | 433.13 | 25 November 2016 | 285.28 |
| 28 December 20 | 469.13 | 23 December 2016 | 254.65 |
| 29 January 2018 | 483.25 | 11 January 2017 | 282.99 |
| 26 February 201 | 446.39 | 27 January 2017 | 282.76 |
| 23 March 2018 | 424.95 | 28 February 2017 | 291.43 |
| | | 27 March 2017 | 321.24 |

## 31 Employee Stock Option Plan *(Continued)*

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows :

**Grants covered under Scheme 2005 :**

| Variables # | 7 December 2005 | 24 July 2007 | 25 March 2008 | 18 September 2008 |
|---|---|---|---|---|
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5.00% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010:**

| Variables # | 07 February 2011 | 25 January 2012 | 22 July 2013 | 21 October 2013 | 21 October 2014 | 21 October 2015 | 05 January 2017 | 24 January 2018 |
|---|---|---|---|---|---|---|---|---|
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% | 6.67% | 7.16% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years | 4.50 years | 4.70 years | 4.50 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% | 38.28% | 37.61% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% | 1.12% | 0.47% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 | 357.10 | 508.00 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| Particulars | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 |
| Net profit after tax (Rs. in Lakhs) | 89,188.43 | 40,023.49 | 89,228.74 | 40,069.58 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 581,096,549 | 564,723,582 | 581,096,549 | 564,723,582 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 581,945,789 | 568,446,880 | 581,945,789 | 568,446,880 |
| Basic Earnings Per Share (Rs.) | 15.35 | 7.09 | 15.36 | 7.10 |
| Diluted Earnings Per Share # (Rs.) | 15.33 | 7.04 | 15.33 | 7.05 |

# Dilution in Earnings per share is on account of 32,87,993 equity shares (31 March 2017: 37,23,298 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.40.31 Lakhs (31 March 2017: Rs. 46.09 Lakhs).

**32 Loan provisions**

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no. DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended 31st March, 2016, upto the financial year ended 31st March, 2018 and these revised guidelines have been followed during the current year while making provisions for NPAs and Standard assets.

The cumulative accelerated provision made by the Company as on 31 March 2018 is Rs.69,970.22 Lakhs (31 March 2017: Rs.68,623.98 Lakhs).

The Company, during the year ended 31 March 2017, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.8,336.91 Lakhs for the year ended 31 March 2017 with a consequent impact on the profit before tax. However, during the current year, the Company has reviewed the basis of estimating provision for non-performing assets and made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

b) (i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, the Company has made Standard assets of provision of Rs.3208.00 Lakhs (31 March 2017: Rs. 2180.00 Lakhs) during the current year.

(ii) The total amount of provision on Standard assets as at 31 March 2018 stood at Rs. 19,423.00 Lakhs (31 March 2017: Rs.16,215.00 Lakhs, including additional provision of Rs.2,034.00 lakhs).

**33** The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

Rs. in lakhs

## 34 Employee benefits

**Defined benefit plans -as per actuarial valuation**

| | Particulars | Gratuity (funded) As at 31 March 2018 | 2017 | Exigency leave (Non funded) As at 31 March 2018 | 2017 | Earned Leave (Non funded) As at 31 March 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| a) | **Expense recognised in the Statement of Profit & Loss Account for the year ended** | | | | | | |
| | Current service cost | 720.38 | 363.90 | 362.37 | 83.95 | 606.31 | 477.14 |
| | Interest cost | 201.40 | 155.60 | 29.00 | 22.18 | 127.94 | 93.54 |
| | Expected return on plan assets | (160.54) | (166.11) | - | - | - | - |
| | Actuarial (gains)/losses | 1,889.58 | 675.34 | (11.24) | 10.63 | 547.41 | 266.33 |
| | Adjustment due to change in opening balance of Plan assets | (380.05) | (156.76) | - | - | - | - |
| | **Net expense** | 2,270.77 | 871.97 | 380.13 | 116.76 | 1,281.66 | 837.01 |
| b) | **Net asset / (liability) recognised in the Balance Sheet** | | | | | | |
| | Present value of defined benefit obligation | 5,177.73 | 2,736.45 | 774.13 | 394.01 | 2,713.41 | 1,738.26 |
| | Fair value of plan assets | 3,016.71 | 2,181.29 | - | - | - | - |
| | **Net asset / (liability)** | (2,161.02) | (555.16) | (774.13) | (394.01) | (2,713.41) | (1,738.26) |
| c) | **Change in fair value of defined benefit obligations during the year ended** | | | | | | |
| | Present value of defined benefit obligation at the beginning of the year | 2,736.45 | 1,944.96 | 394.01 | 277.25 | 1,738.27 | 1,169.26 |
| | Current service cost | 720.38 | 363.90 | 362.37 | 83.95 | 606.31 | 477.14 |
| | Interest cost | 201.40 | 155.60 | 29.00 | 22.18 | 127.94 | 93.54 |
| | Actuarial (gains) / losses | 1,729.03 | 509.22 | (11.24) | 10.63 | 547.41 | 266.33 |
| | Benefits paid | (209.53) | (237.23) | - | - | (306.50) | (268.01) |
| | **Present value of defined benefit obligation at the year ended** | 5,177.73 | 2,736.45 | 774.14 | 394.01 | 2,713.43 | 1,738.26 |
| d) | **Change in the fair value of plan assets during the year ended** | | | | | | |
| | Fair value of plan assets at the beginning of the year | 2,181.29 | 1,919.58 | - | - | - | - |
| | Expected return on plan assets | 160.54 | 166.11 | - | - | - | - |
| | Contributions by employer | 664.90 | 342.19 | - | - | - | - |
| | Actuarial (Gains)/Losses | (160.54) | (166.11) | - | - | - | - |
| | Adjustment due to change in opening balance of Plan assets | 380.05 | 156.76 | - | - | - | - |
| | Actual Benefits paid | (209.53) | (237.23) | - | - | - | - |
| | **Fair value of plan assets at the end of the year** | 3,016.71 | 2,181.30 | - | - | - | - |
| e) | **Major category of plan assets as a percentage of total plan** | | | | | | |
| | Funded with LIC | 100% | 100% | - | - | - | - |
| f) | **Actuarial assumptions** | | | | | | |
| | Discount Rate (p.a.) | 7.73% | 7.36% | 7.73% | 7.36% | 7.73% | 7.36% |
| | Expected rate of return on plan assets (p.a.) | 7.36% | 8.00% | - | - | - | - |
| | Rate of Salary increase (p.a.) | 7.00% | 5.00% | 7.00% | 5.00% | 7.00% | 5.00% |
| | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

Rs. in lakhs

## 34 Employee benefits *(Continued)*

| | | As at 31 March | | | | |
|---|---|---|---|---|---|---|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| g) | **Experience adjustments (Gratuity - funded)** | | | | | |
| | Defined benefit obligation at end of the period | 5,177.73 | 2,736.45 | 1,944.96 | 1,558.68 | 1,192.46 |
| | Plan assets at the end of period | 3,016.71 | 2,181.29 | 1,919.57 | 1,583.37 | 1,111.98 |
| | Funded status surplus/ (deficit) | (2,161.02) | (555.16) | (25.38) | 24.69 | (80.48) |
| | Experience adjustments on plan liabilities (gain)/loss | (458.64) | (338.58) | (211.91) | (154.49) | (77.52) |
| | Experience adjustments on plan assets gain/(loss) | (160.54) | (166.11) | (39.21) | (32.19) | (21.77) |

## 35 Disclosure on derivatives

The Company has outstanding foreign currency non-repatriable loans of US $ 1,648.41 Lakhs (31 March 2017: US $ 1,535.23 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on 31 March 2018.

During the year 2016-17, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from 1 April 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at 1April 2016. Loss of Rs. 2,182.88 lakhs (31 March 2017: Rs. 2,365.54 Lakhs) is charged to Statement of profit and loss for the year ended 31 March 2018.

**Exposures in foreign currency:**

| | As at 31 March 2018 | | | | As at 31 March 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange Rate | Amount in Foreign currency (USD Lakhs) | Amount in INR (Lakhs) | Foreign Currency | Exchange Rate | Amount in Foreign currency (USD Lakhs) | Amount in INR (Lakhs) |
| **I. Assets** | | | | | | | | |
| Receivables (trade & other) | - | - | - | - | - | - | - | - |
| Other Monetary assets (e.g. ICDs/Loangiven in FC) | - | - | - | - | - | - | - | - |
| Total Receivables (A) | - | - | - | - | - | - | - | - |
| Hedges by derivative contracts (B) | - | - | - | - | - | - | - | - |
| Unhedged receivables (C = A - B) | - | - | - | - | - | - | - | - |
| **II. Liabilities** | | | | | | | | |
| Payables (trade & other) | - | - | - | - | - | - | - | - |
| Borrowings (ECB and Others) | USD | 65.04 | 1,648.41 | 107,219.47 | USD | 64.85 | 1,535.23 | 99,559.95 |
| Total Payables (D) | - | - | 1,648.41 | 107,219.47 | - | - | 1,535.23 | 99,559.95 |
| Hedges by derivative contracts ( E) | - | - | 1,648.41 | 107,219.47 | - | - | 1,535.23 | 99,559.95 |
| Unhedged Payables (F = D - E) | - | - | - | - | - | - | - | - |

## 36 Securitisation / assignment transactions

**a)** During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 22694 contracts (31 March 2017: 11,489 contracts) amounting to Rs.55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) for a consideration of Rs 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) and de-recognised the assets from the books.

**b)** In terms of the accounting policy stated in 2.4 (a), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

**c)** Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.14,032.87 Lakhs (31 March 2017: Rs.11,500.70 Lakhs)

## 37 Frauds reported during the year

There were 143 cases (31 March 2017: 176 cases) of frauds amounting to Rs.230.08 Lakhs (31 March 2017: Rs 397.06 Lakhs) reported during the year. The Company has recovered an amount of Rs.77.60 Lakhs (31 March 2017: Rs 125.98 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

Rs. in lakhs

**38** The gold loans outstanding as at 31 March 2018 was Rs. 1.67 lakhs (31 March 2017: Rs.2.17 lakhs) and these were fully provided for.

## 39 Related party disclosures:

**i) As per Accounting Standard (AS) 18 on 'Related party disclosures', the related parties of the Company are as follows:**

| | | |
|---|---|---|
| a) | **Holding Company**<br>(entity by whom control is exercised) | Mahindra & Mahindra Limited |
| b) | **Subsidiary Companies:**<br>(entities on whom control is exercised) | Mahindra Insurance Brokers Limited<br>Mahindra Rural Housing Finance Limited<br>Mahindra Asset Management Co.Pvt. Ltd.<br>Mahindra Trustee Co. Pvt. Ltd. |
| c) | **Fellow Subsidiaries / Associate Companies:**<br>(entities with whom the Company has transactions) | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc<br>NBS International Limited<br>Mahindra First Choice Wheels Limited<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Private Limited<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Limited<br>Mahindra Construction Co. Ltd.<br>Tech Mahindra Limited<br>Bristlecone India Limited<br>Mahindra Heavy Engines Limited<br>Orizonte Business Solutions Limited<br>Gromax Agri Equipment Limited |
| d) | **Joint Ventures:** | Mahindra Finance USA, Inc |
| e) | **Key Management Personnel:** | Mr. Ramesh Iyer |
| f) | **Relatives of Key Management Personnel**<br>(where there are transactions) | Ms. Janaki Iyer<br>Ms. Ramlaxmi Iyer<br>Mr. Risheek Iyer<br>Ms. Girija Subramaniam |

Rs. in lakhs

## 39 Related party disclosures: *(Continued)*

### iii) Disclosure required under Section 186 (4) of the Companies Act, 2013

**As at 31 March 2018**

| Particulars | Relation | Balance as on 1 April 2017 | Advances / investments | Repayments/ sale | Balance as on 31 March 2018 |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | - | - | - | - |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | - | - | - | - |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 2,114.46 | - | 2,114.46 | - |
| | | **2,114.46** | **-** | **2,114.46** | **-** |
| **(B) Unsecured redeemable non-convertible subordinate debentures** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | 2.82 | 45.16 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 23,252.22 | 13,000.00 | | 36,252.22 |
| Mahindra Asset Management Company Pvt. Ltd. | Wholly owned Subsidiary | 9,100.00 | 2,900.00 | | 12,000.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | 50.00 | - | - | 50.00 |
| Mahindra Finance USA, LLC | Joint Venture | 18,429.16 | 1,662.44 | - | 20,091.60 |
| Orizonte Business Solutions Limited | Fellow subsidiary | - | 700.00 | - | 700.00 |
| | | **50,879.36** | **18,262.44** | **2.82** | **69,138.98** |
| **Total** | | **53,693.82** | **18,262.44** | **2,117.28** | **69,838.98** |

**Notes :**

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

**As at 31 March 2017**

| Particulars | Relation | Balance as on 1 April 2016 | Advances / investments | Repayments/ sale | Balance as on 31 March 2017 |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 4,656.50 | - | 4,656.50 | - |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 4.90 | - | 4.90 | - |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 1,865.14 | 674.00 | 424.68 | 2,114.46 |
| | | **6,526.54** | **674.00** | **5,086.08** | **2,114.46** |
| **(B)** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | - | 47.98 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 11,877.22 | 11,375.00 | - | 23,252.22 |
| Mahindra Asset Management Company Pvt. Ltd | Wholly owned Subsidiary | 6,055.00 | 3,045.00 | - | 9,100.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | 15.00 | 35.00 | - | 50.00 |
| Mahindra Finance USA, LLC | Joint Venture | 15,317.32 | 3,111.84 | - | 18,429.16 |
| | | **33,312.52** | **17,566.84** | **-** | **50,879.36** |
| **Total** | | **40,539.06** | **18,240.84** | **5,086.08** | **53,693.82** |

**Notes :**

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

Rs. in lakhs

**39 Related party disclosures: *(Continued)***

**ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:**

| Particulars | Holding Company | | Subsidiary Companies | | Fellow Subsidiaries / Associate Companies / Associate Joint Ventures | | Joint Ventures | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| **Loan income** | | | | | | | | | | | | |
| - 2 x 2 Logistics Private Limited | - | - | - | - | 86.34 | 222.03 | - | - | - | - | - | - |
| - Mahindra Retail Private Limited | - | - | - | - | - | 0.46 | - | - | - | - | - | - |
| **Subvention / Disposal loss income** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 6,771.00 | 3,786.03 | - | - | - | - | - | - | - | - | - | - |
| - Gromax Agri Equipment Limited | - | - | - | - | 1.51 | - | - | - | - | - | - | - |
| **Interest income** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 77.00 | 213.44 | - | - | - | - | - | - | - | - |
| - NBS International Limited | - | - | - | - | 0.97 | 3.91 | - | - | - | - | - | - |
| **Income from sharing services** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 740.77 | 674.83 | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 309.08 | 291.15 | - | - | - | - | - | - | - | - |
| - Mahindra Asset Management Co. Ltd. | - | - | 60.17 | 29.06 | - | - | - | - | - | - | - | - |
| **Dividend Income** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 1,248.61 | 927.68 | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 383.38 | 328.61 | - | - | - | - | - | - | - | - |
| **Interest expense** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 1,060.53 | 1,638.56 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 1,025.79 | 1,462.16 | - | - | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | 1,162.07 | 190.68 | - | - | - | - | - | - |
| - Mr Ramesh Iyer | - | - | - | - | - | - | - | - | 4.78 | 4.85 | - | - |
| - Others | - | - | - | - | - | - | - | - | - | - | 14.56 | 14.39 |

Rs. in lakhs

**39 Related party disclosures:** ***(Continued)***

**ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:** ***(Continued)***

| Particulars | Holding Company | | Subsidiary Companies | | Fellow Subsidiaries / Associate Companies / Associate Joint Ventures | | Joint Ventures | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| **Other expenses** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 2,684.84 | 2,334.64 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 3,212.27 | 2,826.86 | - | - | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | - | - | 980.63 | 1,056.10 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | - | 96.26 | - | - | - | - | - | - |
| - Mahindra Vehicle Manufacturers Limited | - | - | - | - | 109.52 | 79.11 | - | - | - | - | - | - |
| - Mahindra USA, Inc | - | - | - | - | 178.38 | 184.15 | - | - | - | - | - | - |
| - Mahindra Integrated Business Solutions Limited | - | - | - | - | 131.63 | - | - | - | - | - | - | - |
| - Others | - | - | - | - | 68.45 | 38.88 | - | - | - | - | - | - |
| **Remuneration** | | | | | | | | | | | | |
| - Mr Ramesh Iyer | - | - | - | - | - | - | - | - | 596.79 | 674.59 | - | - |
| **Purchase of fixed assets** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 180.61 | 142.16 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | - | - | 63.40 | - | - | - | - | - | - | - |
| - Others | - | - | - | - | 6.91 | 0.48 | - | - | - | - | - | - |
| **Sale of fixed assets** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | - | 13.98 | - | - | - | - | - | - | - | - |
| - Mahindra & Mahindra Limited | 21.14 | - | - | - | - | - | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | - | - | 49.55 | - | - | - | - | - | - | - |
| **Investments made** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 13,000.00 | 11,375.00 | - | - | - | - | - | - | - | - |
| - Mahindra Asset Management Co. Ltd. | - | - | 2,900.00 | 3,045.00 | - | - | - | - | - | - | - | - |
| - Mahindra Trustee Co. Pvt. Ltd. | - | - | - | 35.00 | - | - | - | - | - | - | - | - |
| - Mahindra Finance USA, Inc | - | - | - | - | - | - | 1,662.44 | 3,111.84 | - | - | - | - |
| - Orizonte Business Solutions Limited | - | - | - | - | 700.00 | - | - | - | - | - | - | - |
| **Fixed deposits taken** | | | | | | | | | | | | |
| - Mahindra Insurance Brokers Limited | - | - | 3,650.00 | 2,925.00 | - | - | - | - | - | - | - | - |
| - Mr Ramesh Iyer | - | - | - | - | - | - | - | - | 61.48 | 17.07 | - | - |
| - Others | - | - | - | - | - | - | - | - | - | - | 193.61 | 1.00 |

Rs. in lakhs

**39 Related party disclosures:** ***(Continued)***

**ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:** ***(Continued)***

| Particulars | Holding Company | | Subsidiary Companies | | Fellow Subsidiaries / Associate Companies / Associate Joint Ventures | | Joint Ventures | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| **Fixed deposits matured** | | | | | | | | | | | | |
| - Mahindra Insurance Brokers Limited | - | - | 8,315.00 | 4,375.00 | - | - | - | - | - | - | - | - |
| - Mr. Ramesh Iyer | - | - | - | - | - | - | - | - | 55.01 | - | - | - |
| - Others | - | - | - | - | - | - | - | - | - | - | 180.74 | - |
| **Dividend paid** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 6,988.98 | 11,648.31 | - | - | - | - | - | - | - | - | - | - |
| - Mr. Ramesh Iyer | - | - | - | - | - | - | - | - | 17.84 | 25.46 | - | - |
| **Inter corporate deposits taken** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 40,000.00 | 50,000.00 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 8,970.00 | 8,525.00 | - | - | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | 10,000.00 | 30,000.00 | - | - | - | - | - | - |
| **Inter corporate deposits repaid / matured** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 25,000.00 | 55,000.00 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 7,145.00 | 9,250.00 | - | - | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | 30,000.00 | - | - | - | - | - | - | - |
| **Inter corporate deposits given** | - | - | - | - | - | - | - | - | - | - | - | - |
| **Inter corporate deposits refunded** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | - | 4,656.50 | - | - | - | - | - | - | - | - |
| **Issue of Share Capital (incl Securities premium)** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 105,500.00 | - | - | - | - | - | - | - | - | - | - | - |
| **Balances as at the end of the period** | | | | | | | | | | | | |
| **Receivables** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 1,544.96 | - | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Rural Housing Finance Limited | - | - | 47.28 | 95.91 | - | - | - | - | - | - | - | - |
| - Mahindra Asset Management Co. Ltd. | - | - | 4.62 | 7.18 | - | - | - | - | - | - | - | - |
| - NBS International Limited | - | - | - | - | - | 78.07 | - | - | - | - | - | - |

Rs. in lakhs

**39 Related party disclosures:** ***(Continued)***

**ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:** ***(Continued)***

| Particulars | Holding Company | | Subsidiary Companies | | Fellow Subsidiaries / Associate Companies / Associate Joint Ventures | | Joint Ventures | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| **Loan given (including interest accrued but not due)** | | | | | | | | | | | | |
| - 2 x 2 Logistics Private Limited | - | - | - | - | - | 2,114.46 | - | - | - | - | - | - |
| - Mahindra Construction Co. Ltd. | - | - | - | - | 334.33 | 334.33 | - | - | - | - | - | - |
| **Inter corporate deposits given (including interest accrued but not due)** | | | | | | | | | | | | |
| - Mahindra Construction Co. Ltd. | - | - | - | - | 113.38 | 113.38 | - | - | - | - | - | - |
| **Investments** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 36,252.22 | 23,252.22 | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 45.16 | 47.98 | - | - | - | - | - | - | - | - |
| - Mahindra Asset Management Co. Ltd. | - | - | 12,000.00 | 9,100.00 | - | - | - | - | - | - | - | - |
| - Mahindra Trustee Co. Pvt. Ltd. | - | - | 50.00 | 50.00 | - | - | - | - | - | - | - | - |
| - Mahindra Finance USA, Inc. | - | - | - | - | - | - | 20,091.60 | 18,429.16 | - | - | - | - |
| - Orizonte Business Solutions Limited | - | - | - | - | 700.00 | - | - | - | - | - | - | - |
| **Subordinate debt held (including interest accrued but not due)** | | | | | | | | | | | | |
| - Mahindra Rural Housing Finance Limited | - | - | 700.76 | 700.57 | - | - | - | - | - | - | - | - |
| **Payables** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | | 882.92 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 1,483.26 | 952.54 | - | - | - | - | - | - | - | - |
| - Mahindra First Choice Wheels Limited | - | - | - | - | 339.52 | 283.38 | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | - | 96.26 | - | - | - | - | - | - |
| - Mahindra USA, Inc. | - | - | - | - | 192.38 | 10.60 | - | - | - | - | - | - |
| - Others | - | - | - | - | 61.23 | 10.26 | - | - | - | - | - | - |
| **Inter corporate deposits taken (including interest accrued but not due)** | | | | | | | | | | | | |
| - Mahindra & Mahindra Limited | 40,388.84 | 25,260.01 | - | - | - | - | - | - | - | - | - | - |
| - Mahindra Insurance Brokers Limited | - | - | 2,035.25 | 201.09 | - | - | - | - | - | - | - | - |
| - Tech Mahindra Limited | - | - | - | - | 10,375.48 | 30,171.61 | - | - | - | - | - | - |
| **Fixed deposits (including interest accrued but not due)** | | | | | | | | | | | | |
| - Mahindra Insurance Brokers Limited | - | - | 8,042.61 | 13,957.65 | - | - | - | - | - | - | - | - |
| - Mr. Ramesh Iyer | - | - | - | - | - | - | - | - | 63.30 | 57.72 | - | - |
| - Others | - | - | - | - | - | - | - | - | - | - | 201.03 | 187.87 |

Key Management Personnel as defined in Accounting Standard 18

## For FY 2016-17:

**30.** Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

**The Company has interest in the following jointly controlled entity.**

| | | Name of the entity | Country of Incorporation | % Holding |
|---|---|---|---|---|
| i) | | Mahindra Finance USA, LLC | United States of America | 49.00% |
| ii) | | **Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities** | | **(Rs. In Lakhs)** |
| | | **Particulars** | **March 2017** | **March 2016** |
| **I.** | | **ASSETS** | | |
| | 1 | Long-term loans and advances | 226440.34 | 194461.94 |
| | 2 | Deferred tax assets | 1028.95 | 735.90 |
| | 3 | Cash and cash equivalents | 577.88 | 624.49 |
| | 4 | Short-term loans and advances | 69080.41 | 47929.25 |
| **II.** | | **LIABILITIES** | | |
| | 1 | Long-term borrowings | 118296.56 | 108561.47 |
| | 2 | Other Long-term liabilities | - | - |
| | 3 | Long term provisions | 775.45 | 727.01 |
| | 4 | Short term borrowings | 80431.74 | 55269.45 |
| | 5 | Other current liabilities | 69333.16 | 56052.27 |
| | 6 | Short term provisions | 233.16 | 176.84 |
| **III.** | | **INCOME** | | |
| | 1 | Revenue from operations | 14013.55 | 10048.49 |
| | 2 | Other income | 809.26 | 635.97 |

| IV. | | EXPENSES | | |
|---|---|---|---|---|
| | 1 | Finance costs | 5656.00 | 3918.39 |
| | 2 | Provisions and write-offs | 912.31 | 973.53 |
| | 3 | Other expenses | 4013.33 | 2913.69 |
| | 4 | Provision for current tax | 1884.27 | 1294.04 |
| | 5 | Provision for deferred tax | (319.60) | (254.18) |

**31. Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,45,54,477 equity shares to employees up to March 31, 2017 (March 31, 2016 : 1,41,14,193 equity shares), of which 4,40,284 equity shares (March 31, 2016 : 4,60,707 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of each vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 2,17,400 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | Grant dated January 5, 2017 |
|---|---|
| No. of options granted | 217400 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 355.10 |
| Total amount to be amortized over the vesting period (Rs. in Lakhs) | 771.99 |
| Charge to Statement of profit and loss for the year (Rs. in Lakhs) | 86.92 |
| Compensation in respect of lapsed cases (Rs. in Lakhs) | 10.70 |
| Unamortized amount carried forward (Rs. in Lakhs) | 674.37 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| Vesting date | Grant dated January 5, 2017 | |
|---|---|---|
| | Expected Vesting | Fair Value (Rs.) per share |
| January 5, 2018 | 43482 | 337.36 |
| January 5, 2019 | 43482 | |
| January 5, 2020 | 43482 | |
| January 5, 2021 | 43482 | |
| January 5, 2022 | 43472 | |
| | **217400** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| Variables # | Grant dated January 5, 2017 |
|---|---|
| 1) Risk free interest rate | 6.67% |
| 2) Expected life | 4.70 years |
| 3) Expected volatility | 38.28% |
| 4) Dividend yield | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

**As at / Year ended March 31**

| Summary of Stock Options | 2017 | | 2016 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average exercise price (Rs.) | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 17,14,173 | 2.00 | 21,22,955 | 2.00 |
| Options granted during the year | 2,17,400 | 2.00 | 57,920 | 2.00 |
| Options forfeited/lapsed during the year # | 23,580 | 2.00 | 5,995 | 2.00 |
| Options exercised during the year | 4,40,284 | 2.00 | 4,60,707 | 2.00 |
| Options outstanding at the end of the year | 14,67,709 | 2.00 | 17,14,173 | 2.00 |
| Options vested but not exercised at the end of the year | 2,35,038 | 2.00 | 2,87,526 | 2.00 |

# including 3014 (March 31, 2016: Nil) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

**As at March 31**

| Grant date / Exercise price | 2017 | | 2016 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life | No. of stock options | Weighted average remaining life |
| **Scheme 2010 :** | | | | |
| February 07, 2011 at Rs.2.00 | 35,090 | 21 months | 1,44,188 | 34 months |
| January 25, 2012 at Rs.2.00 | 38,580 | 30 months | 62,830 | 41 months |
| July 22, 2013 at Rs.2.00 | 19,020 | 44 months | 28,878 | 52 months |
| October 21, 2013 at Rs.2.00 | 39,116 | 39 months | 41,365 | 51 months |
| October 21, 2014 at Rs.2.00 # | 10,75,448 | 52 months | 13,78,992 | 59 months |
| October 21, 2015 at Rs.2.00 | 46,069 | 59 months | 57,920 | 68 months |
| October 21, 2015 at Rs.2.00 | 2,14,386 | 70 months | - | - |
| **Total** | **14,67,709** | | **17,14,173** | |

# net of 3014 (March 2016: Nil) options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| 25-Apr-16 | 293.29 |
| 20-May-16 | 297.89 |
| 21-Jun-16 | 323.35 |
| 26-Jul-16 | 318.59 |
| 29-Aug-16 | 344.10 |
| 19-Sep-16 | 343.71 |
| 27-Oct-16 | 365.77 |
| 25-Nov-16 | 285.28 |
| 23-Dec-16 | 254.65 |
| 11-Jan-17 | 282.99 |
| 27-Jan-17 | 282.76 |
| 28-Feb-17 | 291.43 |
| 27-Mar-17 | 321.24 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows :

**Grants covered under Scheme 2005 :**

| Variables # | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 | 21-Oct-2014 | 21-Oct-2015 | 05-Jan-2017 |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% | 6.67% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years | 4.50 years | 4.70 Years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% | 38.28% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% | 1.12% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 | 357.10 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at March 31 | | As at March 31 | |
| **Particulars** | **2017** | **2016** | **2017** | **2016** |
| Net profit after tax (Rs. in Lakhs) | 40023.49 | 67259.60 | 40069.58 | 67336.73 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 564723582 | 564278639 | 564723582 | 564278639 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568446880 | 568442221 | 568446880 | 568442221 |
| Basic Earnings Per Share (Rs.) | 7.09 | 11.92 | 7.10 | 11. 93 |
| Diluted Earnings Per Share # (Rs.) | 7.04 | 11.83 | 7.05 | 11.84 |

**#** Dilution in Earnings per share is on account of 37,23,298 equity shares (March 31, 2016 : 41,63,582 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 46.09 Lakhs (March 31, 2016 : Rs. 77.13 Lakhs).

**32. Loan provisions and write offs**

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.

The cumulative accelerated provision made by the Company as on March 31, 2017 is Rs.68623.98 Lakhs (March 31, 2016 : Rs. 73567.48 Lakhs)

b) (i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to increase the general provision on the Standard assets in a phased manner commencing from the financial year ended March 31, 2016 to 0.30%, to 0.35% by the financial year ended March 31,2017 and to 0.40% by the financial year ending March 31,2018, the Company has made a provision of Rs.2180.00 Lakhs (March 31, 2016: Rs. 1353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16215.00 Lakhs (March 31, 2016 :Rs.14035.00 Lakhs) includes additional provision of 0.05% for

Rs.2034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5262.00 as at March 31, 2016).

(iii) During the year, the Company has reviewed the basis of estimating provision for non-performing assets and has considered estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of Rs.8336.91 Lakhs.

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 254.65 Lakhs (March 31, 2016 : Rs. 32.51 Lakhs) as Higher / additional provisions and Provisions for diminution in fair value on account of restructured advance.

**33.** The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

**34. Employee benefits**

**Defined benefit plans -as per actuarial valuation**

**Rs.in Lakhs**

| | | **Gratuity (Funded)** | | **Sick leave (Non funded)** | | **Privilege Leave (Non funded)** | |
|---|---|---|---|---|---|---|---|
| | | **March 2017** | **March 2016** | **March 2017** | **March 2016** | **March 2017** | **March 2016** |
| **I.** | **Expense recognised in the Statement of Profit & Loss Account for the year ended 31st** | | | | | | |
| 1 | Current service cost | 363.90 | 992.35 | 83.95 | 159.91 | 477.14 | 1070.95 |
| 2 | Interest cost | 155.60 | 137.72 | 22.18 | 17.07 | 93.54 | 92.51 |
| 3 | Expected return on plan assets | (166.11) | (150.41) | - | - | - | - |
| 4 | Actuarial (gains)/losses | 675.34 | (503.97) | 10.63 | (90.38) | 266.33 | (815.69) |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | - | - | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | (156.76) | - | - | - | - | - |
| **7** | **Total expense** | **871.97** | **475.69** | **116.76** | **86.61** | **837.01** | **347.76** |
| | | | | | | | |
| **II.** | **Net asset/(liability) recognised in the Balance Sheet as at 31st** | | | | | | |
| 1 | Present value of defined benefit obligation as at 31st | 2736.45 | 1944.96 | 394.01 | 277.25 | 1738.27 | 1169.26 |
| 2 | Fair value of plan assets as at 31st | 2181.29 | 1919.58 | - | - | - | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | Funded status (surplus/(deficit)) | (555.16) | (25.38) | (394.01) | (277.25) | (1738.27) | (1169.26) |
| **4** | **Net asset/(liability) as at 31st** | **(555.16)** | **(25.38)** | **(394.01)** | **(277.25)** | **(1738.27)** | **(1169.26)** |
| | | | | | | | |
| **III.** | **Change in the obligations during the year ended 31st** | | | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 1944.96 | 1558.68 | 277.25 | 190.96 | 1169.26 | 1056.62 |
| 2 | Current service cost | 363.90 | 992.35 | 83.95 | 159.91 | 477.14 | 1068.35 |
| 3 | Transfer to Asset Management company | - | - | - | (0.32) | - | - |
| 4 | Interest cost | 155.60 | 137.72 | 22.18 | 17.07 | 93.54 | 92.51 |
| 5 | Actuarial (gains)/losses | 509.23 | (654.38) | 10.63 | (90.38) | 266.33 | (815.69) |
| 6 | Benefits paid | (237.23) | (89.41) | - | - | (268.01) | (232.52) |
| **7** | **Present value of defined benefit obligation at the year ended 31st** | **2736.45** | **1944.96** | **394.01** | **277.25** | **1738.27** | **1169.26** |
| | | | | | | | |
| **IV.** | **Change in the fair value of plan assets during the year ended 31st** | | | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 1919.58 | 1583.37 | - | - | - | - |
| 2 | Expected return on plan assets | 166.11 | 150.41 | - | - | - | - |
| 3 | Contributions by employer | 342.19 | 425.62 | - | - | - | - |
| 4 | Actuarial (Gains)/Losses | (166.11) | (150.41) | - | - | - | - |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | - | - | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | 156.76 | - | - | - | - | - |
| 7 | Actual Benefits paid | (237.23) | (89.41) | - | - | - | - |
| **8** | **Fair value of plan assets at the end of the year** | **2181.29** | **1919.58** | - | - | - | - |
| | | | | | | | |
| **V.** | **Major category of plan assets as a percentage of total plan** | | | | | | |
| | Funded with LIC | 100% | 100% | - | - | - | - |
| | | | | | | | |
| **VI.** | **Actuarial Assumptions** | | | | | | |
| 1 | Discount Rate (p.a.) | 7.36% | 8% | 7.36% | 8% | 7.36% | 8% |
| 2 | Expected rate of return on plan assets (p.a.) | 8% | 8% | - | - | - | - |
| 3 | Rate of Salary increase (p.a.) | 5% | 5% | 5% | 5% | 5% | 5% |
| 4 | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

**VII Experience adjustments**

**Rs. in Lakhs**

| | | As at March 31 | | | | |
|---|---|---|---|---|---|---|
| | | **2017** | **2016** | **2015** | **2014** | **2013** |
| 1 | Defined benefit obligation at end of the period | 2736.45 | 1944.96 | 1558.68 | 1192.46 | 855.07 |
| 2 | Plan assets at the end of period | 2181.29 | 1919.57 | 1583.37 | 1111.98 | 776.20 |
| 3 | Funded status surplus/ (deficit) | (555.16) | (25.38) | 24.69 | (80.48) | (78.87) |
| 4 | Experience adjustments on plan liabilities (gain)/loss | 338.58 | (211.91) | (154.49) | (77.52) | (66.64) |
| 5 | Experience adjustments on plan assets gain/(loss) | (166.11) | (39.21) | (32.19) | (21.77) | (16.07) |

**35. Disclosure on derivatives**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on March 31, 2017**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1535.23 Lakhs (March 31, 2016 : US $ 1209.88 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on March 31, 2017.

During the year, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from April 01, 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at April 01, 2016 and a loss of Rs. 2365.54 Lakhs is charged to Statement of profit and loss for the year ended March 31, 2017.

**36. Securitisation / assignment transactions**

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 11489 contracts (March 31, 2016 : 30940 contracts) amounting to Rs. 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) for a consideration of Rs 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs Nil (March 31, 2016 : Rs. 6756.56 Lakhs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).

c) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

d) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.11500.70 Lakhs (March 31,2016: Rs. 12062.65 Lakhs)

**37.** There were 176 cases (March 31, 2016: 150 cases) of frauds amounting to Rs. 397.06 Lakhs (March 31, 2016 : Rs 559.99 Lakhs) reported during the year. The Company has recovered an amount of Rs.125.98 Lakhs (March 31, 2016 : Rs 117.89 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**38.** There are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

**39. Related party disclosure as per Accounting Standard 18**

**A) List of the related parties and nature of relationship which have transactions with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Subsidiary Companies :** | Mahindra Insurance Brokers Limited<br>Mahindra Rural Housing Finance Limited<br>Mahindra Asset Management Company Private Limited<br>Mahindra Trustee Company Private Limited |
| **Joint Ventures :** | Mahindra Finance USA, LLC |
| **Fellow subsidiary Companies:** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Two Wheelers Limited<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd.<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Ltd.<br>Mahindra Construction Company Ltd. |
| **Fellow Associates :** | Tech Mahindra Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Vice-Chairman and Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related party transactions are as under:**

**Rs. in Lakhs**

| | | | | Rupees in Lakhs | | |
|---|---|---|---|---|---|---|
| **Sr. No.** | **Nature of transactions** | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies/ Associates** | **Joint Ventures** | *** Key Management Personnel** |
| 1 | Income<br>Loan income | -<br>- | -<br>- | 222.49<br>(64.15) | -<br>- | -<br>- |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Subvention / Disposal loss income | 3,786.03<br>(4,049.60) | -<br>- | -<br>- | -<br>- | -<br>- |
| | Other income | -<br>- | 2,464.77<br>(2,549.83) | 3.91<br>(3.47) | -<br>- | -<br>- |
| 2 | Expenses | | | | | |
| | Interest | 1,638.56<br>(126.12) | 1,462.16<br>(1,363.13) | 190.68<br>- | -<br>- | 19.24<br>(20.12) |
| | Other expenses | 2,334.64<br>(1,777.74) | 2,826.86<br>(2,389.54) | 1,270.35<br>(602.83) | -<br>- | -<br>- |
| | Remuneration to KMP's | | | | | 674.59<br>(436.13) |
| 3 | Investment in share capital | -<br>- | 14,455.00<br>(9,457.22) | -<br>- | 3,111.84<br>(4,530.32) | -<br>- |
| 4 | Purchase of fixed assets | 142.16<br>(254.81) | -<br>- | 0.48<br>(30.97) | -<br>- | -<br>- |
| 5 | Sale of fixed assets | -<br>- | 13.98<br>(11.35) | -<br>- | -<br>- | -<br>- |
| 6 | Finance | | | | | |
| | Fixed deposits taken | -<br>- | 2,925.00<br>(3,750.00) | -<br>- | -<br>- | 18.07<br>(18.94) |
| | Fixed deposits matured | -<br>- | 4,375.00<br>(125.00) | -<br>- | -<br>- | -<br>(21.67) |
| | Dividend paid – for previous year | 11,648.31<br>(11,648.31) | -<br>- | -<br>- | -<br>- | 25.46<br>(23.85) |
| | Inter corporate deposits taken | 50,000.00<br>(30,000.00) | 8,525.00<br>(7,500.00) | 30,000.00<br>- | -<br>- | -<br>- |
| | Inter corporate deposits repaid | 55,000.00<br>- | 9,250.00<br>(8,150.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given | -<br>- | -<br>- | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits refunded | -<br>- | 4,656.50<br>- | -<br>- | -<br>- | -<br>- |
| 7 | Other transactions | | | | | |
| | Reimbursement from parties | -<br>- | -<br>- | -<br>- | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | -<br>- | 184.15<br>(153.08) | -<br>- | -<br>- |
| 8 | Balances as at the end of the period | | | | | |
| | Receivables | -<br>(315.06) | 103.09<br>(66.57) | 78.07<br>(127.42) | -<br>- | -<br>- |
| | Loan given (including interest accrued but not due) | -<br>- | -<br>- | 2,448.79<br>(1,870.04) | -<br>- | -<br>- |
| | Inter corporate deposits given (including interest accrued but not due) | -<br>- | -<br>(5,189.14) | 113.38<br>- | -<br>- | -<br>- |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Payables | 882.92<br>- | 952.54<br>(692.74) | 400.50<br>(218.94) | -<br>- | -<br>- |
| | Subordinate debt held (including interest accrued but not due) | -<br>- | 700.57<br>(700.76) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits taken (including interest accrued but not due) | 25,260.01<br>(30,113.51) | 201.09<br>(936.04) | 30,171.61<br>- | -<br>- | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | 13,957.65<br>(15,143.45) | -<br>- | -<br>- | 245.59<br>(226.54) |

Notes:

# Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18

**C) The significant related party transactions are as under:**

**Rs. in Lakhs**

| **The significant related party transactions are as under:** | | | | |
|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** |
| **Income** | | | | |
| **Revenue from operations** | | | | |
| Subvention / Disposal loss income | Mahindra & Mahindra Limited | 3,786.03<br>(4,049.60) | | |
| Loan income | 2 x 2 Logistics Pvt Ltd | | | 222.03<br>(62.08) |
| **Other income** | | | | |
| Interest income on inter corporate deposits / subordinate debt | Mahindra Rural Housing Finance Limited | | 213.44<br>(567.27) | |
| Income from shared services | Mahindra Insurance Brokers Limited | | 174.53<br>(149.78) | |
| Income from shared services | Mahindra Rural Housing Finance Limited | | 588.01<br>(454.75) | |
| Dividend income | Mahindra Rural Housing Finance Limited | | 927.68<br>(747.76) | |
| Dividend income | Mahindra Insurance Brokers Limited | | 328.61<br>(273.84) | |
| ESOP compensation recovered | Mahindra Rural Housing Finance Limited | | 86.82 | |

| | | | | |
|---|---|---|---|---|
| ESOP compensation recovered | Mahindra Insurance Brokers Limited | | (200.07)<br>116.62<br>(113.98) | |
| **Expenses**<br>**Interest**<br>Interest expense on inter corporate deposits and non-convertible debentures<br><br>Interest expense on inter corporate deposits and non-convertible debentures | -<br>Mahindra Insurance Brokers Limited<br><br>Mahindra & Mahindra Limited | 1,638.56<br>- | 1,462.16<br>(1,363.13) | |
| **Other expenses**<br>Rent<br>-<br>Handling Charges<br><br>Commission & Valuation charges | Mahindra & Mahindra Limited<br><br>Mahindra Insurance Brokers Limited<br><br>Mahindra First Choice Wheels Limited | 1,388.30<br>(1,267.00) | 2,826.86<br>(2,389.54) | 1,056.10<br>(526.94) |
| Investment in Share Capital<br><br>Investment in Share Capital | Mahindra Rural Housing Finance Limited<br><br>Mahindra Asset Management Co Pvt Ltd | | 11,375.00<br>(3,497.22)<br>3,045.00<br>(5,950.00) | |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 142.16<br>(254.81) | | |
| Sale of fixed assets<br><br>**Finance**<br><br>Fixed Deposits<br><br>Fixed deposits matured | Mahindra Rural Housing Finance Limited<br><br>Mahindra Insurance Brokers Limited<br><br>Mahindra Insurance Brokers Limited | | 13.98<br>-<br><br>2,925.00<br>(3,750.00)<br><br>4,375.00<br>(125.00) | |

| | | | | |
|---|---|---|---|---|
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,648.31<br>(11,648.31) | | |
| Inter corporate deposits taken | Mahindra Insurance Brokers Limited | | 8,525.00<br>(7,500.00) | |
| Inter corporate deposits taken | Mahindra & Mahindra Limited | 50,000.00<br>(30,000.00) | | |
| Inter corporate deposits taken | Tech Mahindra Limited | | | 30,000.00<br>- |
| Inter corporate deposits repaid | Mahindra Insurance Brokers Limited | | 9,250.00<br>(8,150.00) | |
| Inter corporate deposits repaid | Mahindra & Mahindra Limited | 55,000.00<br>- | | |
| Inter corporate deposits refunded | Mahindra Rural Housing Finance Limited | | 4,656.50<br>- | |
| **Balances at the year end** | | | | |
| Receivables | Mahindra & Mahindra Limited | -<br>(315.06) | | |
| Receivables | Mahindra Rural Housing Finance Limited | | 95.91<br>(66.57) | |
| Receivables | NBS International | | | 78.07<br>(127.42) |
| Loan outstanding | 2 x 2 Logistics Pvt Ltd | | | 2,114.46<br>(1,865.14) |
| Payables | Mahindra Insurance Brokers Limited | | 952.54<br>(692.74) | |
| Payables | Mahindra First Choice Wheels Limited | | | 283.38<br>(155.44) |
| Payables | Mahindra & Mahindra Limited | 882.92<br>- | | |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra Insurance Brokers Limited | | 201.09<br>(936.04) | |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra & Mahindra Limited | 25,260.01<br>(30,113.51) | | |
| Inter corporate deposits taken (including interest accrued but not due) | Tech Mahindra Limited | | | 30,171.61<br>- |

| | | | | |
|---|---|---|---|---|
| Inter corporate deposits given (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | -<br>(5,189.14) | |
| Subordinate debt held (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | 700.57<br>(700.76) | |
| Fixed deposits | Mahindra Insurance Brokers Limited | | 13,957.65<br>(15,143.45) | |

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

d) Disclosure required under Section 186 (4) of the Companies Act, 2013

**As at March 31, 2017**

Rs. in Lakhs

| Particulars | Relation | Balance as on April 1, 2016 | Advances / investments | Repayments/ sale | Balance as on March 31, 2017 |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 4,656.50 | - | 4,656.50 | - |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 4.90 | - | 4.90 | - |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 1,865.14 | 674.00 | 424.68 | 2,114.46 |
| | | **6,526.54** | **674.00** | **5,086.08** | **2,114.46** |
| **(B) Unsecured redeemable non-convertible subordinate debentures** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | - | 47.98 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 11,877.22 | 11,375.00 | - | 23,252.22 |
| Mahindra Asset Management Company Pvt. Ltd. | Wholly owned Subsidiary | 6,055.00 | 3,045.00 | - | 9,100.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | 15.00 | 35.00 | - | 50.00 |
| Mahindra Finance USA, LLC | Joint Venture | 15,317.32 | 3,111.84 | - | 18,429.16 |
| | | **33,312.52** | **17,566.84** | **-** | **50,879.36** |
| **Total** | | **40,539.06** | **18,240.84** | **5,086.08** | **53,693.82** |

Notes :

**i)** Above loans & advances and investments have been given for general business purposes.
**ii)** There were no guarantees given / securities provided during the year

**As at March 31, 2016**

Rs. in Lakhs

| Particulars | Relation | Balance as on April 1, 2015 | Advances / investments | Repayments/ sale | Balance as on March 31, 2016 |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 4,656.50 | - | - | 4,656.50 |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 30.08 | - | 25.18 | 4.90 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 13.21 | 1,952.93 | 101.00 | 1,865.14 |
| | | **4,699.79** | **1,952.93** | **126.18** | **6,526.54** |
| **(B) Unsecured redeemable non-convertible subordinate debentures** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | - | 47.98 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 8,380.00 | 3,497.22 | - | 11,877.22 |
| Mahindra Asset Management Company Pvt. Ltd. | Wholly owned Subsidiary | 105.00 | 5,950.00 | - | 6,055.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | 5.00 | 10.00 | - | 15.00 |
| Mahindra Finance USA, LLC | Joint Venture | 10,787.01 | 4,530.31 | - | 15,317.32 |
| | | **19,324.99** | **13,987.53** | **-** | **33,312.52** |
| **Total** | | **24,724.78** | **15,940.46** | **126.18** | **40,539.06** |

Notes :

**i)** Above loans & advances and investments have been given for general business purposes.
**ii)** There were no guarantees given / securities provided during the year

## For FY 2015-16:

30. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

**The Company has interest in the following jointly controlled entity.**

| | | Name of the entity | Country of Incorporation | % Holding |
|---|---|---|---|---|
| i) | | Mahindra Finance USA, LLC | United States of America | 49.00% |
| ii) | | **Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities** | | **(Rs. in Lacs)** |
| | | **Particulars** | **As at March 31, 2016** | **As at March 31, 2015** |
| **I.** | | **ASSETS** | | |
| | 1 | Long-term loans and advances | 194636.77 | 134793.06 |
| | 2 | Deferred tax assets | 735.90 | 451.68 |
| | 3 | Cash and cash equivalents | 624.49 | 266.35 |
| | 4 | Short-term loans and advances | 47754.42 | 31788.75 |
| **II.** | | **LIABILITIES** | | |
| | 1 | Long-term borrowings | 108561.47 | 75101.31 |
| | 2 | Other Long-term liabilities | - | - |
| | 3 | Long term provisions | 727.01 | 430.29 |
| | 4 | Short term borrowings | 55269.45 | 36064.29 |
| | 5 | Other current liabilities | 56052.27 | 40044.49 |
| | 6 | Short term provisions | 176.84 | 100.71 |

(Rs. in Lacs)

| | | | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|---|
| **III.** | | **INCOME** | | |
| | 1 | Revenue from operations | 10048.49 | 6602.74 |
| | 2 | Other income | 635.97 | 365.65 |
| **IV.** | | **EXPENSES** | | |
| | 1 | Finance costs | 3918.39 | 2492.20 |
| | 2 | Provisions and write-offs | 973.53 | 327.88 |
| | 3 | Other expenses | 2913.69 | 2021.86 |
| | 4 | Provision for current tax | 1294.04 | 893.55 |
| | 5 | Provision for deferred tax | (254.18) | (129.08) |

**31. Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,41,14,193 equity shares to employees up to March 31, 2016 (March 31, 2015 : 1,36,53,486 equity shares), of which 4,60,707 equity shares (March 31, 2015 : 6,15,552 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 3 years from the date of vesting |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |

| | | |
|---|---|---|
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) The details of modification to Employee stock option scheme (extension of exercise period) :

The Nomination and Remuneration Committee of the Board of Directors of Mahindra & Mahindra Financial Services Limited at its Meeting held on 23rd April, 2015, has approved the extension of the exercise period to 36 months from the date of vesting as against the current period of 6 months in respect of the stock options granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme 2010.

The details of increase / (decrease) in fair value as a result of extension of the exercise period are as follows :

| Sr.No. | Scheme Name | Grant date | Fair value per option on the date of grant (Rs.) | Pre modification fair value per option (Rs.) | Post modification fair value per option (Rs.) | Increase / (decrease) in fair value per option (Rs.) |
|---|---|---|---|---|---|---|
| 1 | ESOS 2010 | 25-Jan-2012 | 117.31 | 276.65 | 273.82 | (2.83) |
| 2 | ESOS 2010 | 22-Jul-2013 | 198.64 | 272.99 | 268.41 | (4.58) |
| 3 | ESOS 2010 | 21-Oct-2013 | 259.46 | 272.25 | 267.57 | (4.68) |
| 4 | ESOS 2010 | 21-Oct-2014 | 267.23 | 268.69 | 264.07 | (4.62) |

As per the requirements of paragraph 24 of the Guidance Note on Accounting for Employee Share-based payments issued by the Institute of Chartered Accountants of India (ICAI), the Company has not taken in to account above decrease in fair value measured immediately before and after modification of the terms and conditions and hence continued to measure the amount recognised for services received as consideration for the stock options based on the grant date fair value of the stock options granted.

c) During the year, the Company has granted 57,920 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated October 21, 2015** |
|---|---|
| No. of options granted | 57920 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 240.15 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 139.10 |
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 31.76 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | - |
| Unamortized amount carried forward (Rs. in Lacs) | 107.34 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting date** | **Grant dated October 21, 2015** | |
|---|---|---|
| | Expected Vesting | Fair Value (Rs.) per share |
| October 21, 2016 | 11584 | |
| October 21, 2017 | 11584 | |
| October 21, 2018 | 11584 | 223.42 |

| | | |
|---|---|---|
| October 21, 2019<br>October 21, 2020 | 11584<br>11584 | |
| | **57920** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables #** | **Grant dated October 21, 2015** |
|---|---|
| 1) Risk free interest rate | 7.53% |
| 2) Expected life | 4.50 years |
| 3) Expected volatility | 37.37% |
| 4) Dividend yield | 1.65% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 242.15 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

d) Summary of stock options

**As at / Year ended March 31**

| **Summary of Stock Options** | **2016** | | **2015** | |
|---|---|---|---|---|
| | **No. of stock options** | **Weighted average exercise price (Rs.)** | **No. of stock options** | **Weighted average exercise price (Rs.)** |
| Options outstanding at the beginning of the year | 21,22,955 | 2.00 | 11,63,249 | 12.70 |
| Options granted during the year | 57,920 | 2.00 | 16,01,507 | 2.00 |
| Options forfeited/lapsed during the year # | 5,995 | 2.00 | 26,249 | 11.07 |
| Options exercised during the year | 4,60,707 | 2.00 | 6,15,552 | 21.84 |
| Options outstanding at the end of the year | 17,14,173 | 2.00 | 21,22,955 | 2.00 |
| Options vested but not exercised at the end of the year | 2,87,526 | 2.00 | 1,24,345 | 2.00 |

# including nil (March 31, 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

e) Information in respect of options outstanding :

**As at March 31**

| **Grant date / Exercise price** | **2016** | | **2015** | |
|---|---|---|---|---|
| | **No. of stock options** | **Weighted average remaining life $** | **No. of stock options** | **Weighted average remaining life** |
| **Scheme 2010 :** | | | | |
| February 07, 2011 at Rs.2.00 | 1,44,188 | 34 months | 3,55,735 | 13 months |
| January 25, 2012 at Rs.2.00 | 62,830 | 41 months | 95,790 | 19 months |
| July 22, 2013 at Rs.2.00 | 28,878 | 52 months | 38,504 | 28 months |
| October 21, 2013 at Rs.2.00 | 41,365 | 51 months | 44,644 | 31 months |
| October 21, 2014 at Rs.2.00 # | 13,78,992 | 59 months | 15,88,282 | 37 months |
| October 21, 2015 at Rs.2.00 | 57,920 | 68 months | - | - |
| **Total** | **17,14,173** | | **21,22,955** | |

$ the increase in weighted average remaining life as at March 31, 2016 as compared to March 31, 2015 is on account of modification to Employee stock option scheme 2010 representing extension of exercise period to 36 months from the date of vesting as against the erstwhile exercise period of 6 months from the date of vesting (refer note no. 31 (b)).

# net of nil (March 2015: 13,225) options forfeited/lapsed out of the options granted during the year

f) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| April 23, 2015 | 280.33 |
| May 22, 2015 | 268.97 |
| June 29, 2015 | 270.34 |
| July 27, 2015 | 264.08 |
| August 21, 2015 | 264.41 |
| September 24, 2015 | 229.04 |
| October 28, 2015 | 227.17 |
| November 24, 2015 | 238.94 |
| December 21, 2015 | 243.26 |
| January 22, 2016 | 201.98 |
| February 22, 2016 | 217.58 |
| March 22, 2016 | 240.11 |

g) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

h) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 31 (i) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| Variables # | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 | 21-Oct-2014 | 21-Oct-2015 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% | 7.53% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years | 4.50 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% | 37.37% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% | 1.65% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 | 242.15 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

i) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at March 31 | | As at March 31 | |
| **Particulars** | **2016** | **2015** | **2016** | **2015** |
| Net profit after tax (Rs. in Lacs) | 67259.60 | 83177.59 | 67336.73 | 83245.96 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 564278639 | 563837362 | 564278639 | 563837362 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 11.92 | 14.75 | 11. 93 | 14.76 |
| Diluted Earnings Per Share # (Rs.) | 11.83 | 14.62 | 11.84 | 14.64 |

**#** Dilution in Earnings per share is on account of 41,63,582 equity shares (March 31, 2015 : 46,24,289 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.77.13 Lacs (March 31, 2015 : Rs. 68.37 Lacs).

**32. Loan provisions and write offs**

e) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India.

As per the practice consistently followed, the Company has also made additional provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.
As on 31st March, 2016, the Company has recognised NPAs based on 4 months overdue norms as against the revised regulatory norms of recognising NPAs at 5 months overdue applicable for the current financial year resulting in an additional provision of Rs. 3454.79 lacs and income de-recognition of Rs. 2095.16 lacs with a consequent impact of Rs. 5549.96 Lacs on Profit before tax for the year ended 31st March, 2016.

The cumulative additional / accelerated provision made by the Company as on March 31, 2016 is Rs. 73567.48 Lacs (March 31, 2015 : Rs. 53319.01 Lacs)

f) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated January 17, 2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1353.00 Lacs (March 31, 2015 : Rs. 1057.00 Lacs).

The total amount of provision on Standard assets of Rs.14035.00 Lacs (March 31, 2015 :Rs.12682.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no.7 and 11). The said amount includes additional / accelerated provision of 0.15% for Rs.5262.00 Lacs as at March 31, 2016 (March 31, 2015 : Rs. 4757.00 Lacs).

g) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

h) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 32.51 Lacs (March 31, 2015 : Rs. 31.87 Lacs) as Higher provisions and Provisions for diminution in fair value on account of restructured advance which are shown separately under Long-term and Short-term provisions in the Balance sheet (refer note no.7 and 11).

33. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

## 34. Employee benefits

### Defined benefit plans -as per actuarial valuation

**Rs.in Lacs**

**As at March 31**

| | | Gratuity (Funded) | | Sick leave (Non funded) | | Previlage Leave | Previlage Leave |
|---|---|---|---|---|---|---|---|
| | | March 2016 | March 2015 | March 2016 | March 2015 | March 2016 | March 2015 |
| **I.** | **Expense recognized in the Statement of Profit & Loss Account for the year ended 31st** | | | | | | |
| 1 | Current service cost | 992.35 | 834.37 | 159.91 | 129.11 | 1070.56 | 993.59 |
| 2 | Interest cost | 137.72 | 106.95 | 17.07 | 13.49 | 92.51 | 76.41 |
| 3 | Expected return on plan assets | (150.41) | (122.75) | - | - | - | - |
| 4 | Actuarial (gains)/losses | (503.97) | (326.85) | (90.38) | (99.52) | (816.18) | (662.17) |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | 0.00 | (56.36) | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | 0.00 | (98.83) | - | - | - | - |
| **7** | **Total expense** | **475.69** | **336.53** | **86.61** | **43.09** | **346.88** | **407.83** |
| | | | | | | | |
| **II.** | **Net asset/(liability) recognised in the Balance Sheet as at 31st** | | | | | | |
| 1 | Present value of defined benefit obligation as at 31st | 1944.96 | 1558.68 | 277.25 | 190.97 | 1168.39 | 1056.62 |
| 2 | Fair value of plan assets as at 31st | 1919.58 | 1583.37 | - | - | - | - |
| 3 | Funded status (surplus/(deficit)) | (25.38) | 24.69 | (277.25) | (190.97) | (1168.39) | (1056.62) |
| **4** | **Net asset/(liability) as at 31st** | **(25.38)** | **24.69** | **(277.25)** | **(190.97)** | **(1168.39)** | **(1056.62)** |
| | | | | | | | |
| **III.** | **Change in the obligations during the year ended 31st** | | | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 1558.68 | 1192.46 | 190.96 | 147.88 | 1056.62 | 846.55 |
| 2 | Current service cost | 992.35 | 834.37 | 159.91 | 129.11 | 1067.96 | 993.59 |
| 3 | Transferred to Mahindra Asset Management Company Pvt. Ltd. | - | - | (0.32) | - | - | - |
| 4 | Interest cost | 137.72 | 106.95 | 17.07 | 13.49 | 92.51 | 76.41 |
| 5 | Actuarial (gains)/losses | (654.38) | (449.21) | (90.38) | (99.52) | (816.18) | (662.17) |
| 6 | Benefits paid | (89.41) | (125.89) | - | - | (232.52) | (197.76) |
| **7** | **Present value of defined benefit obligation at the year ended 31st** | **1944.96** | **1558.68** | **277.25** | **190.97** | **1168.39** | **1056.62** |
| | | | | | | | |
| **IV.** | **Change in the fair value of plan assets during the year ended 31st** | | | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 1583.37 | 1111.98 | - | - | - | - |
| 2 | Expected return on plan assets | 150.41 | 122.75 | - | - | - | - |
| 3 | Contributions by employer | 425.62 | 442.08 | - | - | - | - |
| 4 | Actuarial (Gains)/Losses | (150.41) | (122.75) | - | - | - | - |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | 0.00 | 56.36 | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | 0.00 | 98.83 | - | - | - | - |
| 7 | Actual Benefits paid | (89.41) | (125.89) | - | - | - | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 8 | **Fair value of plan assets at the end of the year** | **1919.58** | **1583.37** | - | - | - | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **V.** | **Major category of plan assets as a percentage of total plan** | | | | | | |
| | Funded with LIC | 100% | 100% | - | - | - | - |
| | | | | | | | |
| **VI.** | **Actuarial Assumptions** | | | | | | |
| 1 | Discount Rate (p.a.) | 8% | 8% | 8% | 8% | 8% | 8% |
| 2 | Expected rate of return on plan assets (p.a.) | 8% | 8% | - | - | - | - |
| 3 | Rate of Salary increase (p.a.) | 5% | 5% | 5% | 5% | 5% | 5% |
| 4 | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortalit y (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortalit y (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

## VII Experience adjustments

**Rs. in Lacs**

| | | As at March 31 | | | | |
|---|---|---|---|---|---|---|
| | | **2016** | **2015** | **2014** | **2013** | **2012** |
| 1 | Defined benefit obligation at end of the period | 1944.96 | 1558.68 | 1192.46 | 855.07 | 644.20 |
| 2 | Plan assets at the end of period | 1919.58 | 1583.37 | 1111.98 | 776.20 | 484.50 |
| 3 | Funded status surplus/ (deficit) | 25.38 | (24.69) | (80.48 ) | (78.87) | (159.71) |
| 4 | Experience adjustments on plan liabilities (gain)/loss | (211.91) | (154.49) | (77.52) | (66.64) | (73.01) |
| 5 | Experience adjustments on plan assets gain/(loss) | (39.21) | (32.19) | (21.77) | (16.07) | (9.94) |

## 35. Disclosure on derivatives

### Outstanding derivative instrument and un-hedged foreign currency exposures as on March 31, 2016

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1209.88 Lacs (March 31, 2015 : US $ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2016.

## 36. Securitisation / assignment transactions

e) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 30940 contracts (March 31, 2015 : 27907 contracts) amounting to Rs. 85586.85 Lacs (March 31, 2015: Rs. 72229.92 Lacs) for a consideration of Rs 85586.85 Lacs (March 31, 2015: Rs. 72229.92 Lacs) and de-recognised the assets from the books.

f) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs 6756.56 Lacs (March 31, 2015 : Rs. 8807.91 Lacs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).

g) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 15 and 20) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 6 and 10).

h) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 12062.65 Lacs (March 31, 2015: Rs. 11024.71 Lacs)

37. There were 150 cases (March 31, 2015: 119 cases) of frauds amounting to Rs. 559.99 Lacs (March 31, 2015 : Rs 353.81 Lacs) reported during the year. The Company has recovered an amount of Rs. 117.89 Lacs (March 31, 2015 : Rs 107.39 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

38. The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2015 : 0.02%).

**39. Related party disclosure as per Accounting Standard 18**

**A) List of the related parties and nature of relationship which have transactions with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Subsidiary Companies :** | Mahindra Insurance Brokers Limited<br>Mahindra Rural Housing Finance Limited<br>Mahindra Asset Management Company Private Limited<br>Mahindra Trustee Company Private Limited |
| **Joint Ventures :** | Mahindra Finance USA, LLC |
| **Fellow subsidiary Companies:** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Two Wheelers Limited<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra First Choice Services Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd.<br>Mahindra Integrated Business Solutions Ltd.<br>Mahindra Vehicle Manufacturers Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related party transactions are as under:**

**Rs. in Lacs**

| | | | | Rupees in lacs | | |
|---|---|---|---|---|---|---|
| **Sr. No.** | **Nature of transactions** | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** | **Joint Ventures** | *** Key Management Personnel** |
| 1 | Income | | | | | |
| | Loan income | -<br>- | -<br>- | 64.15<br>(3.52) | -<br>- | -<br>- |
| | Subvention / Disposal loss income | 4,049.60<br>(3,663.07) | -<br>- | -<br>- | -<br>- | -<br>- |
| | Other income | -<br>(64.21) | 2,549.83<br>(2,225.08) | 3.47<br>- | -<br>- | -<br>- |
| 2 | Expenses | | | | | |
| | Interest | 126.12<br>- | 1,363.13<br>(972.19) | -<br>- | -<br>- | 20.12<br>(20.11) |
| | Other expenses | 1,777.74<br>(1,494.18) | 2,389.54<br>(1,685.59) | 602.83<br>(430.81) | -<br>- | |
| | Remuneration to KMP's | | | | | 436.13<br>(645.48) |
| 3 | Investment in share capital | -<br>- | 9,457.22<br>(2,295.00) | -<br>- | 4,530.32<br>(2,193.73) | -<br>- |
| 4 | Purchase of fixed assets | 254.81<br>(413.60) | -<br>- | 30.97<br>- | -<br>- | -<br>- |
| 5 | Sale of fixed assets | -<br>- | 11.35<br>- | -<br>- | -<br>- | -<br>- |
| 6 | Finance | | | | | |
| | Fixed deposits taken | -<br>- | 3,750.00<br>(7,065.00) | -<br>- | -<br>- | 18.94<br>(202.90) |
| | Fixed deposits matured | -<br>- | 125.00<br>- | -<br>- | -<br>- | 21.67<br>(188.25) |
| | Dividend paid for previous year | 11,648.31<br>(11,065.89) | -<br>- | -<br>- | -<br>- | 23.85<br>(23.71) |
| | Inter corporate deposits taken | (30,000.00)<br>- | 7,500.00<br>(1,475.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits repaid | -<br>- | 8,150.00<br>(4,240.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given | -<br>- | -<br>(69,107.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits refunded | -<br>- | -<br>(64,974.39) | -<br>- | -<br>- | -<br>- |
| 7 | Other transactions | | | | | |
| | Reimbursement from parties | -<br>- | -<br>(0.02) | -<br>- | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | -<br>- | 153.08<br>(119.72) | -<br>- | -<br>- |

| | | | | | | |
|---|---|---|---|---|---|---|
| 8 | Balances as at the end of the period | | | | | |
| | Receivables | 315.06<br>(1,245.02) | 66.57<br>(85.12) | 127.42<br>- | -<br>- | -<br>- |
| | Loan given (including interest accrued but not due) | -<br>- | -<br>- | 1,870.04<br>(43.29) | -<br>- | -<br>- |
| | Inter corporate deposits given (including interest accrued but not due) | -<br>- | 5,189.14<br>(4,747.90) | -<br>- | -<br>- | -<br>- |
| | Payables | -<br>- | 692.74<br>(455.13) | 218.94<br>(157.98) | -<br>- | -<br>- |
| | Subordinate debt held (including interest accrued but not due) | -<br>- | 700.76<br>(700.76) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits taken (including interest accrued but not due) | 30,113.51<br>- | 936.04<br>(1,617.69) | -<br>- | -<br>- | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | 15,143.45<br>(10,426.55) | -<br>- | -<br>- | 226.54<br>(231.80) |

Notes:

# Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013

### C) The significant related party transactions are as under:

**Rs. in Lacs**

| The significant related party transactions are as under: | | | | | |
|---|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** | **Key Management Personnel** |
| **Income** | | | | | |
| **Revenue from operations** | | | | | |
| Subvention / Disposal loss income | Mahindra & Mahindra Limited | 4,049.60<br>(3,663.07) | | | |
| Loan income | 2 x 2 Logistics Pvt Ltd | | | 62.08<br>- | |
| **Other income** | | | | | |
| Interest income on inter corporate deposits / subordinate debt | Mahindra Rural Housing Finance Limited | | 567.27<br>(602.73) | | |
| Income from shared services | Mahindra Insurance Brokers Limited | | 149.78<br>(135.60) | | |

| | | | | | |
|---|---|---|---|---|---|
| Income from shared services | Mahindra Rural Housing Finance Limited | | 454.75<br>(404.09) | | |

| | | | | | |
|---|---|---|---|---|---|
| Dividend income | Mahindra Rural Housing Finance Limited | | 747.76<br>(536.36) | | |
| Dividend income | Mahindra Insurance Brokers Limited | | 273.84<br>(219.07) | | |
| ESOP compensation recovered | Mahindra Rural Housing Finance Limited | | 200.07<br>(76.99) | | |
| ESOP compensation recovered | Mahindra Insurance Brokers Limited | | 113.98<br>(146.31) | | |
| **Expenses** | | | | | |
| **Interest** | - | | | | |
| Interest expense on inter corporate deposits and non-convertible debentures | Mahindra Insurance Brokers Limited | | 1,363.13<br>(972.19) | | |
| **Other expenses** | | | | | |
| Rent | Mahindra & Mahindra Limited | 1,267.00<br>(951.24) | | | |
| - Handling Charges | Mahindra Insurance Brokers Limited | | 2,389.54<br>(1,685.59) | | |
| Commission & Valuation charges | Mahindra First Choice Wheels Limited | | | 526.94<br>(417.19) | |
| Investment in Share Capital | Mahindra Rural Housing Finance Limited | | 3,497.22<br>(2,190.00) | | |
| Investment in Share Capital | Mahindra Asset Management Co Pvt Ltd | | 5,950.00<br>(100.00) | | |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 254.81<br>(413.60) | | | |
| Purchase of fixed assets | NBS International | | | 30.97<br>- | |

| | | | | | |
|---|---|---|---|---|---|
| Sale of fixed assets | Mahindra Asset Management Co Pvt Ltd | | 11.35<br>- | | |

| | | | | | |
|---|---|---|---|---|---|
| **Finance** | | | | | |
| Fixed Deposits | Mahindra Insurance Brokers Limited | | 3,750.00<br>(7,065.00) | | |
| Fixed deposits matured | Ramesh Iyer and relatives | | | | 21.67<br>(188.25) |
| Fixed deposits matured | Mahindra Insurance Brokers Limited | | 125.00<br>- | | |
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,648.31<br>(11,065.89) | | | |
| Inter corporate deposits taken | Mahindra Insurance Brokers Limited | | 7,500.00<br>(1,475.00) | | |
| Inter corporate deposits taken | Mahindra & Mahindra Limited | 30,000.00<br>- | | | |
| Inter corporate deposits repaid | Mahindra Insurance Brokers Limited | | 8,150.00<br>(4,240.00) | | |
| **Balances at the year end** | | | | | |
| Receivables | Mahindra & Mahindra Limited | 315.06<br>(1,245.02) | | | |
| Receivables | Mahindra Rural Housing Finance Limited | | 66.57<br>(59.41) | | |
| Receivables | NBS International | | | 127.42<br>- | |
| Loan outstanding | 2 x 2 Logistics Pvt Ltd | | | 1,865.14<br>- | |
| Payables | Mahindra Insurance Brokers Limited | | 692.74<br>(455.13) | | |
| Payables | Mahindra First Choice Wheels Limited | | | 155.44<br>(114.87) | |

| | | | | | |
|---|---|---|---|---|---|
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra Insurance Brokers Limited | | 936.04<br>(1,617.69) | | |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra & Mahindra Limited | 30,113.51<br>- | | | |

| | | | | | |
|---|---|---|---|---|---|
| Inter corporate deposits given (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | 5,189.14<br>(4,747.90) | | |
| Subordinate debt held (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | 700.76<br>(700.76) | | |
| Fixed deposits | Mahindra Insurance Brokers Limited | | 15,143.45<br>(10,426.55) | | |

Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

d) Disclosure required under Section 186 (4) of the Companies Act, 2013

**As at March 31, 2016**

Rs. in lacs

| Particulars | Relation | Balance as on April 1, 2015 | Advances / investments | Repayments/ sale | Balance as on March 31, 2016 |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 4,656.50 | - | - | 4,656.50 |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 30.08 | - | 25.18 | 4.90 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | 13.21 | 1,952.93 | 101.00 | 1,865.14 |
| | | **4,699.79** | **1,952.93** | **126.18** | **6,526.54** |
| **(B) Unsecured redeemable non-convertible subordinate debentures** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | - | 47.98 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 8,380.00 | 3,497.22 | - | 11,877.22 |
| Mahindra Asset Management Company Pvt. Ltd. | Wholly owned Subsidiary | 105.00 | 5,950.00 | - | 6,055.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | 5.00 | 10.00 | - | 15.00 |
| Mahindra Finance USA, LLC | Joint Venture | 10,787.01 | 4,530.31 | - | 15,317.32 |

| | | | | | |
|---|---|---|---|---|---|
| | | **19,324.99** | **13,987.53** | **-** | **33,312.52** |
| **Total** | | **24,724.78** | **15,940.46** | **126.18** | **40,539.06** |

Notes :

**iii)** Above loans & advances and investments have been given for general business purposes.
**iv)** There were no guarantees given / securities provided during the year

**As at March 31, 2015**

Rs. in lacs

| **Particulars** | **Relation** | **Balance as on April 1, 2014** | **Advances/ investments** | **Repayments/ sale** | **Balance as on March 31, 2015** |
|---|---|---|---|---|---|
| **(A) Loans and advances** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 523.89 | 69,107.00 | 64,974.39 | 4,656.50 |
| Mahindra Business and Consulting Services Pvt. Ltd. | Subsidiary | 837.72 | 456.45 | 1,294.17 | - |
| Mahindra Retail Pvt Ltd | Fellow subsidiary | 36.11 | - | 6.03 | 30.08 |
| 2 x 2 Logistics Pvt Ltd | Fellow subsidiary | - | 13.58 | 0.37 | 13.21 |
| | | **1,397.72** | **69,577.03** | **66,274.96** | **4,699.79** |
| **(B) Unsecured redeemable non-convertible subordinate debentures** | | | | | |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 700.00 | - | - | 700.00 |
| | | **700.00** | **-** | **-** | **700.00** |
| **(C) Investments** | | | | | |
| Mahindra Insurance Brokers Ltd. | Subsidiary | 47.98 | - | - | 47.98 |
| Mahindra Rural Housing Finance Ltd. | Subsidiary | 6,190.00 | 2,190.00 | - | 8,380.00 |
| Mahindra Business and Consulting Services Pvt. Ltd.# | Wholly owned Subsidiary | 1.00 | - | 1.00 | - |
| Mahindra Asset Management Company Pvt. Ltd. | Wholly owned Subsidiary | 5.00 | 100.00 | - | 105.00 |
| Mahindra Trustee Company Pvt. Ltd. | Wholly owned Subsidiary | - | 5.00 | - | 5.00 |
| Mahindra Finance USA, LLC | Joint Venture | 7,788.05 | 2,998.96 | - | 10,787.01 |
| | | **14,032.03** | **5,293.96** | **1.00** | **19,324.99** |
| **Total** | | **16,129.75** | **74,870.99** | **66,275.96** | **24,724.78** |

# Investment held by the Company now merged with the Company effective from April 1, 2014.

Notes :

**iii)** Above loans & advances and investments have been given for general business purposes.
**iv)** There were no guarantees given / securities provided during the year

# For FY 2014-15:

**30.** Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

**The Company has interest in the following jointly controlled entity.**

| | Name of the entity | Country of Incorporation | % Holding |
|---|---|---|---|
| i) | Mahindra Finance USA, LLC | United States of America | 49.00% |

**ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities (Rs. in Lacs)**

| | | Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|---|---|---|---|
| I. | | **ASSETS** | | |
| | 1 | Long-term loans and advances | 134793.06 | 91854.46 |
| | 2 | Deferred tax assets | 451.68 | 306.36 |
| | 3 | Cash and cash equivalents | 266.35 | 395.53 |
| | 4 | Short-term loans and advances | 31788.75 | 21562.02 |
| II. | | **LIABILITIES** | | |
| | 1 | Long-term borrowings | 75101.31 | 48549.09 |
| | 2 | Other Long-term liabilities | - | 59.74 |
| | 3 | Long term provisions | 430.29 | 333.14 |
| | 4 | Short term borrowings | 36064.29 | 28664.24 |
| | 5 | Other current liabilities | 40044.49 | 25810.16 |
| | 6 | Short term provisions | 100.71 | 77.40 |

(Rs. in Lacs)

| | | | As at March 31, 2015 | As at March 31, 2014 |
|---|---|---|---|---|
| **III.** | | **INCOME** | | |
| | 1 | Revenue from operations | 6602.74 | 4782.11 |
| | 2 | Other income | 365.65 | 210.91 |
| **IV.** | | **EXPENSES** | | |
| | 1 | Finance costs | 2492.20 | 1677.26 |
| | 2 | Provisions and write-offs | 327.88 | 251.15 |
| | 3 | Other expenses | 2021.86 | 1578.45 |
| | 4 | Provision for current tax | 893.55 | 823.54 |
| | 5 | Provision for deferred tax | (129.08) | (307.94) |

**31. Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 31, 2014 : 1,30,37,934 equity shares) up to March 31, 2015, of which 6,15,552 equity shares (March 31, 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 6 years from the date of grant |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated October 21, 2014** |
|---|---|
| No. of options granted | 16,01,507 |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 278.80 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 4465.00 |
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 1011.09 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | 36.87 |
| Unamortized amount carried forward (Rs. in Lacs) | 3417.04 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| **Vesting date** | **Grant dated October 21, 2014** | |
|---|---|---|
| | Expected Vesting | Fair Value (Rs.) per share |
| October 21, 2015 | 320299 | 267.23 |
| October 21, 2016 | 320299 | |
| October 21, 2017 | 320299 | |
| October 21, 2018 | 320299 | |
| October 21, 2019 | 320311 | |
| | **1601507** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| **Variables #** | **Grant dated October 21, 2014** |
|---|---|
| 1) Risk free interest rate | 8.50% |
| 2) Expected life | 3.25 years |
| 3) Expected volatility | 38.83% |
| 4) Dividend yield | 1.35% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 280.80 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

**As at / Year ended March 31**

| **Summary of Stock Options** | **2015** | | **2014** | |
|---|---|---|---|---|
| | **No. of stock options** | **Weighted average exercise price (Rs.)** | **No. of stock options** | **Weighted average exercise price (Rs.)** |
| Options outstanding at the beginning of the year | 11,63,249 | 12.70 | 16,44,675 | 21.61 |
| Options granted during the year | 16,01,507 | 2.00 | 1,17,625 | 2.00 |
| Options forfeited/lapsed during the year # | 26,249 | 11.07 | 94,107 | 37.64 |
| Options exercised during the year | 6,15,552 | 21.84 | 5,04,944 | 34.57 |
| Options outstanding at the end of the year | 21,22,955 | 2.00 | 11,63,249 | 12.70 |
| Options vested but not exercised at the end of the year | 1,24,345 | 2.00 | 4,36,039 | 30.55 |

# including 13,225 (March 31, 2014: 4,085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

**As at March 31**

| Grant date / Exercise price | 2015 | | 2014 | |
|---|---|---|---|---|
| | No. of stock options | Weighted average remaining life | No. of stock options | Weigh avera remain |
| **Scheme 2005 :** | | | | |
| September 18, 2008 at Rs.46.60 | - | - | 2,79,150 | 5 mor |
| (a) | | | 2,79,150 | |
| **Scheme 2010 :** | | | | |
| February 07, 2011 at Rs.2.00 | 355735 | 13 months | 6,34,749 | 18 mor |
| January 25, 2012 at Rs.2.00 | 95790 | 19 months | 1,35,810 | 26 mor |
| July 22, 2013 at Rs.2.00 | 38504 | 28 months | 48,130 | 34 mor |
| October 21, 2013 at Rs.2.00 | 44644 | 31 months | 65,410 | 37 mor |
| October 21, 2014 at Rs.2.00 # | 1588282 | 37 months | - | |
| (b) | 21,22,955 | | 8,84,099 | |
| **Total (a + b)** | **21,22,955** | | **11,63,249** | |

# net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| April 23, 2014 | 247.08 |
| May 19, 2014 | 273.10 |
| May 23, 2014 | 314.43 |
| June 18, 2014 | 282.44 |
| July 25, 2014 | 238.78 |
| August 21, 2014 | 274.40 |
| September 03, 2014 | 286.16 |
| September 23, 2014 | 278.33 |
| October 28, 2014 | 287.62 |
| November 17, 2014 | 314.66 |
| December 22, 2014 | 294.69 |
| January 19, 2015 | 288.62 |
| February 24, 2015 | 252.75 |
| March 23, 2015 | 265.00 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 31 (h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| Variables # | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| Variables # | 7-Feb-2011 | 25-Jan-2012 | 22-Jul-2013 | 21-Oct-2013 | 21-Oct-2014 |
|---|---|---|---|---|---|
| | | | | | |
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% | 8.50% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years | 3.25 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% | 38.83% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% | 1.35% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 | 280.80 |

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | Intrinsic Value Method | | Fair Value Method * | |
|---|---|---|---|---|
| | As at March 31 | | As at March 31 | |
| **Particulars** | **2015** | **2014** | **2015** | **2014** |
| Net profit after tax (Rs. in Lacs) | 83177.59 | 88722.75 | 83245.96 | 88753.64 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 563837362 | 563184677 | 563837362 | 563184677 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 14.75 | 15.75 | 14.76 | 15.76 |
| Diluted Earnings Per Share # (Rs.) | 14.62 | 15.60 | 14.64 | 15.60 |

**#** Dilution in Earnings per share is on account of 46,24,289 equity shares (March 31, 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost

under fair value method as compared to intrinsic value method is lower by Rs.68.37 Lacs (March 31, 2014 : Rs.30.89 Lacs).

## 32. Loan provisions and write offs

i) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on March 31, 2015 is Rs.53319.01 Lacs (March 31, 2014 : Rs. 35253.77 Lacs)

j) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated January 17, 2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1057.00 Lacs (March 31, 2014 : Rs. 2110.00 Lacs).

The total amount of provision on Standard assets of Rs.12682.00 Lacs (March 31, 2014 : Rs. 11625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no.7 and 11). The said amount includes additional / accelerated provision of 0.15% for Rs.4757.00 Lacs as at March 31, 2015 (March 31, 2014 : Rs. 4370.00 Lacs).

k) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

l) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advance which are included under this head.

**33.** The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

**34. Employee benefits**

**Defined benefit plans -as per actuarial valuation**

**Rs.in Lacs**

**As at March 31**

| | | Gratuity (Funded) | | Sick leave (Non funded) | | Previlage Leave | Previlage Leave |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| **I.** | **Expense recognized in the Statement of Profit & Loss Account for the year ended March 31** | | | | | | |
| 1 | Current service cost | 834.37 | 559.24 | 129.11 | 86.49 | 993.59 | 572.34 |
| 2 | Interest cost | 106.95 | 76.35 | 13.49 | 10.06 | 76.41 | 49.84 |
| 3 | Expected return on plan assets | (122.75) | (74.56) | - | - | - | - |
| 4 | Actuarial (gains)/losses | (326.85) | (112.83) | (99.52) | (59.84) | (662.17) | (173.57) |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | (56.36) | (64.27) | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | (98.83) | (186.28) | - | - | - | - |
| 7 | Total expense | **336.53** | **197.65** | **43.09** | **36.72** | **407.83** | **448.61** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **II.** | **Net asset/(liability) recognized in the Balance Sheet as at March 31** | | | | | | |
| 1 | Present value of defined benefit obligation as at 31st | 1558.68 | 1192.46 | 190.96 | 147.88 | 1056.62 | 846.55 |
| 2 | Fair value of plan assets as at 31st | 1583.37 | 1111.98 | - | - | - | - |
| 3 | Funded status (surplus/(deficit)) | 24.69 | (80.48) | (190.96) | (147.88) | (1056.62) | (846.55) |
| 4 | Net asset/(liability) as at 31st | **24.69** | **(80.48)** | **(190.96)** | **(147.88)** | **(1056.62)** | **(846.55)** |
| | | | | | | | |
| **III.** | **Change in the obligations during the year ended March 31** | | | | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 1192.46 | 855.07 | 147.88 | 111.16 | 846.55 | 564.13 |
| 2 | Current service cost | 834.37 | 559.24 | 129.10 | 86.49 | 993.59 | 572.34 |
| 3 | Interest cost | 106.95 | 76.35 | 13.49 | 10.06 | 76.41 | 49.84 |
| 4 | Actuarial (gains)/losses | (449.21) | (184.16) | (99.52) | (59.84) | (662.17) | (173.57) |
| 5 | Benefits paid | (125.89) | (114.04) | - | - | (197.76) | (166.20) |
| 6 | Present value of defined benefit obligation at the year ended March 31 | **1558.68** | **1192.46** | **190.96** | **147.88** | **1056.62** | **846.55** |
| | | | | | | | |
| **IV.** | **Change in the fair value of plan assets during the year ended March 31** | | | | | | |
| 1 | Fair value of plan assets at the beginning of the year | 1111.98 | 776.20 | - | - | - | - |

**Rs.in Lacs**

**As at March 31**

| | | **Gratuity (Funded)** | | **Sick leave (Non funded)** | | **Previlage Leave** | **Previlage Leave** |
|---|---|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** | **2015** | **2014** |
| 2 | Expected return on plan assets | 123.75 | 74.56 | - | - | - | - |
| 3 | Contributions by employer | 442.08 | 199.26 | - | - | - | - |
| 4 | Actuarial (Gains)/Losses | (123.75) | (74.56) | - | - | - | - |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund | 56.36 | 64.27 | - | - | - | - |
| 6 | Adjustment due to change in opening balance of Plan assets | 98.83 | 186.28 | - | - | - | - |
| 7 | Actual Benefits paid | (125.89) | (114.04) | - | - | - | - |
| 8 | Fair value of plan assets at the end of the year | **1583.37** | **1111.98** | - | - | - | - |
| | | | | | | | |
| **V.** | **Major category of plan assets as a percentage of total plan** | | | | | | |
| | Funded with LIC | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | | | |
| **VI.** | **Actuarial Assumptions** | | | | | | |
| 1 | Discount Rate (p.a.) | 8% | 8% | 8% | 8% | 8% | 8% |
| 2 | Expected rate of return on plan assets (p.a.) | 8% | 8% | - | - | - | - |
| 3 | Rate of Salary increase (p.a.) | 5% | 5% | 5% | 5% | 5% | 5% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Rs.in Lacs**

| **VII.** | **Experience Adjustments (Gratuity)** | | | | | |
|---|---|---|---|---|---|---|
| | | **As at / year ended March 31** | | | | |
| | | **2011** | **2012** | **2013** | **2014** | **2015** |
| 1 | Defined benefit obligation at end of the period | 442.42 | 644.20 | 855.07 | 1192.46 | 1558.29 |
| 2 | Plan assets at the end of period | 375.80 | 484.50 | 776.20 | 1111.98 | 1560.01 |
| 3 | Funded status surplus/ (deficit) | (66.61) | (159.71) | (78.87) | (80.48) | (24.69) |
| 4 | Experience adjustments on plan liabilities (gain)/loss | (46.70) | (73.01) | (66.64) | (77.52) | (154.49) |
| 5 | Experience adjustments on plan assets gain/(loss) | **(7.89)** | **(9.94)** | **(16.07)** | **(21.77)** | **(32.19)** |

**35. Disclosure on derivatives**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on March 31, 2015**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 872.71 Lacs (March 31, 2014 : US $ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2015.

**36. Securitisation / assignment transactions**

i) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 27907 contracts (March 31, 2014 : 47122 contracts) amounting to Rs. 72229.92 Lacs (March 31, 2014: Rs.126292.70 Lacs) for a consideration of Rs 72229.92 Lacs (March 31, 2014: Rs. 126292.70 Lacs) and de-recognised the assets from the books.

j) During the year, the Company has without recourse assigned loan receivables of Nil contracts (March 31, 2014: 6490 contracts) amounting to Rs. Nil (March 31, 2014 : Rs. 19850.83 Lacs) for a consideration of Rs. Nil (March 31, 2014 : Rs. 15554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books). Out the total receivables assigned, an amount of Rs. Nil (March 31, 2014: Rs.1985.08 Lacs equivalent to 10% of the receivables) have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 15 and 20).

The amount of profit in cash of Rs.120.64 Lacs (March 31, 2014: Rs.314.94 Lacs) on assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 6 and 10).

k) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs 8807.91 Lacs (March 31, 2014 : Rs. 4189.65 Lacs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).

l) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 15 and 20) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 6 and 10).

m) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.11024.71 Lacs (March 31, 2014: Rs. 5146.47 Lacs)

**37.** There were 119 cases (March 31, 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 31, 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs.107.39 Lacs (March 31, 2014 : Rs 46.38 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**38.** The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2014 : 0.03%).

**39. Related party disclosure as per Accounting Standard 18**

**A) List of the related parties and nature of relationship which have transactions with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Subsidiary Companies :** | Mahindra Insurance Brokers Limited<br>Mahindra Rural Housing Finance Limited<br>Mahindra Business & Consulting Services Private Limited (amalgamated with the Company effective from April 1, 2014)<br>Mahindra Asset Management Company Private Limited<br>Mahindra Trustee Company Private Limited |
| **Joint Ventures :** | Mahindra Finance USA, LLC |
| **Fellow subsidiary Companies:** | 2 x 2 Logistics Private Limited<br>Mahindra USA, Inc.<br>Mahindra Holidays and Resorts India Ltd.<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra First Choice Services Ltd.<br>Mahindra Defence Systems Ltd.<br>Mahindra Retail Pvt Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related party transactions are as under:**

**Rs. in Lacs**

| | | | | Rupees in lacs | | |
|---|---|---|---|---|---|---|
| **Sr. No.** | **Nature of transactions** | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** | **Joint Ventures** | *** Key Management Personnel** |
| 1 | Income | | | | | |
| | Loan income | -<br>- | -<br>- | 3.52<br>(1.79) | -<br>- | -<br>- |
| | Subvention income | 3,663.07<br>(2,322.68) | -<br>- | -<br>- | -<br>- | -<br>- |
| | Other income | 64.21<br>(1.02) | 2,225.08<br>(1,499.88) | -<br>(54.11) | -<br>- | -<br>- |
| 2 | Expenses | | | | | |
| | Interest | -<br>(339.45) | 972.19<br>(533.57) | -<br>- | -<br>- | 20.11<br>(18.09) |
| | Other expenses | 1,494.18<br>(1,394.33) | 1,685.59<br>(17,420.53) | 430.81<br>(167.71) | -<br>- | |
| | Remuneration to KMP's | | | | | 657.05<br>(394.88) |
| 3 | Investment in share capital | -<br>- | 2,295.00<br>(2,195.00) | -<br>- | 2,998.97<br>(2,193.73) | -<br>- |
| 4 | Purchase of fixed assets | 413.60<br>(421.36) | -<br>- | -<br>(5.85) | -<br>- | -<br>- |
| 5 | Finance | | | | | |
| | Fixed deposits taken | -<br>- | 7,065.00<br>(2,700.00) | -<br>- | -<br>- | 202.90<br>(207.50) |
| | Fixed deposits matured | -<br>- | -<br>- | -<br>- | -<br>- | 188.25<br>(187.50) |
| | Dividend paid – for previous year | 11,065.89<br>(10,483.48) | -<br>- | -<br>- | -<br>- | 23.71<br>(18.99) |
| | Inter corporate deposits taken | -<br>(50,000.00) | 1,475.00<br>(3,565.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits repaid | -<br>(50,000.00) | 4,240.00<br>(4,365.00) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given | -<br>- | 69,107.00<br>(48,130.24) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits refunded | -<br>- | 64,974.39<br>(48,505.27) | -<br>- | -<br>- | -<br>- |

| | | | | | | Rupees in lacs |
|---|---|---|---|---|---|---|
| Sr. No. | Nature of transactions | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | Joint Ventures | * Key Management Personnel |
| 6 | Other transactions | | | | | |
| | Reimbursement from parties | -<br>(112.54) | 0.02<br>- | -<br>- | -<br>- | -<br>- |
| | Reimbursement to parties | -<br>- | -<br>- | 119.72<br>(113.75) | -<br>- | -<br>- |
| 7 | Balances as at the end of the period | | | | | |
| | Receivables | 1,245.02<br>(375.59) | 137.95<br>(85.12) | -<br>(1,091.74) | -<br>- | -<br>- |
| | Loan given (including interest accrued but not due) | -<br>- | -<br>- | 43.29<br>- | -<br>- | -<br>- |
| | Inter corporate deposits given (including interest accrued but not due) | -<br>- | 4,747.90<br>(1,437.16) | -<br>- | -<br>- | -<br>- |
| | Payables | -<br>- | 455.13<br>(575.23) | 157.98<br>(107.64) | -<br>- | -<br>- |
| | Subordinate debt held (including interest accrued but not due) | -<br>- | 700.38<br>(700.76) | -<br>- | -<br>- | -<br>- |
| | Inter corporate deposits taken (including interest accrued but not due) | -<br>- | 1,617.69<br>(4,414.76) | -<br>- | -<br>- | -<br>- |
| | Fixed deposits (including interest accrued but not due) | -<br>- | 10,426.55<br>(2,834.75) | -<br>- | -<br>- | 231.80<br>(214.83) |

Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

**C) The significant related party transactions are as under:**

**Rs. in Lacs**

| The significant related party transactions are as under: | | | | | |
|---|---|---|---|---|---|
| Nature of transactions | | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | *Key Management Personnel |
| **Income** | | | | | |
| **Revenue from operations** | | | | | |
| Subvention income | Mahindra & Mahindra Limited | 3,663.07<br>(2,322.68) | | | |
| Loan income | Mahindra Retail Pvt Ltd | | | 3.28<br>- | |

**Rs. in Lacs**

| The significant related party transactions are as under: | | | | | |
|---|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** | ***Key Management Personnel** |
| **Other income** | | | | | |
| Interest income on inter corporate deposits / subordinate debt | Mahindra Rural Housing Finance Limited | | 602.73<br>(366.01) | | |
| Income from shared services | Mahindra Insurance Brokers Limited | | 135.60<br>(102.64) | | |
| Income from shared services | Mahindra Rural Housing Finance Limited | | 404.09<br>(442.30) | | |
| Dividend income | Mahindra Rural Housing Finance Limited | | 536.36<br>(400.00) | | |
| | Mahindra Insurance Brokers Limited | | 219.07<br>- | | |
| **Expenses** | | | | | |
| **Interest** | | | | | |
| Interest expense on inter corporate deposits and non-convertible debentures | Mahindra Insurance Brokers Limited | | 972.19<br>(533.57) | | |
| **Other expenses** | | | | | |
| Handling Charges | Mahindra Insurance Brokers Limited | | 1,685.59<br>(1,247.65) | | |
| Commission & Valuation charges | Mahindra First Choice Wheels Limited | | | 417.19<br>(157.88) | |
| Purchase of fixed assets | Mahindra & Mahindra Limited | 413.60<br>(421.36) | | | |
| **Finance** | | | | | |
| Fixed Deposits | Mahindra Insurance Brokers Limited | | 7,065.00<br>(2,700.00) | | |
| Fixed Deposits matured | Ramesh Iyer and relatives | | | | 188.25<br>(187.50) |

**Rs. in Lacs**

| The significant related party transactions are as under: | | | | | |
|---|---|---|---|---|---|
| **Nature of transactions** | | **Holding Company** | **Subsidiary Companies** | **Fellow subsidiary Companies** | **Key Management Personnel** |
| Dividend paid - for previous year | Mahindra & Mahindra Limited | 11,065.89<br>(10,483.48) | | | |
| Inter corporate deposits taken | Mahindra Insurance Brokers Limited | | 1,475.00<br>(3,565.00) | | |
| Inter corporate deposits repaid | Mahindra Insurance Brokers Limited | | 4,240.00<br>(4,365.00) | | |
| Inter corporate deposits given | Mahindra Rural Housing Finance Limited | | 69,107.00<br>(46,298.00) | | |
| Inter corporate deposits refunded | Mahindra Rural Housing Finance Limited | | 64,974.39<br>(45,812.63) | | |
| **Balances at the year end** | | | | | |
| Receivables | Mahindra & Mahindra Limited | 1,245.02<br>(375.59) | | | |
| Loan outstanding | Mahindra Retail Pvt Ltd | | | 30.08<br>- | |
| Payables | Mahindra Insurance Brokers Limited | | 455.13<br>(387.75) | | |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra Insurance Brokers Limited | | 1,617.69<br>(4,414.76) | | |
| Inter corporate deposits given (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | 4,747.90<br>(552.83) | | |
| Subordinate debt held (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | | 700.38<br>(700.76) | | |
| Fixed deposits | Mahindra Insurance Brokers Limited | | 10,426.55<br>(2,834.75) | | |

Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

# For FY 2013-14:

**30.** Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

**The Company has interest in the following jointly controlled entity.**

| i) | **Name of the entity** | **Country of Incorporation** |
|---|---|---|
| | Mahindra Finance USA, LLC | United States of America |
| | | |

**ii)**

| | | **Rs. in Lacs** |
|---|---|---|
| | **Particulars** | **March 2014** |
| | | |
| **I.** | **ASSETS** | |
| | Long-term loans and advances | 91854.46 |
| | Deferred tax assets | 306.36 |
| | Cash and cash equivalents | 395.53 |
| | Short-term loans and advances | 21562.02 |
| | | |
| **II.** | **LIABILITIES** | |
| | Long-term borrowings | 48549.09 |
| | Other Long-term liabilities | 59.74 |
| | Long term provisions | 333.14 |
| | Short term borrowings | 28664.24 |
| | Other current liabilities | 25810.16 |
| | Short term provisions | 77.40 |
| | | |
| **III.** | **INCOME** | |
| | Revenue from operations | 4782.11 |
| | Other income | 210.91 |

| | | **Rs. In Lacs** |
|---|---|---|
| | **Particulars** | **March 2014** |
| | | |
| **IV.** | **EXPENSES** | |
| | | |
| | Finance costs | 1677.26 |
| | Loan provisions and write-offs | 251.15 |
| | Other expenses | 1578.45 |
| | | |
| | Provision for current tax | 823.54 |
| | Provision for deferred tax | (307.94) |
| | | |

**31. Employee Stock Option Plan**

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,30,37,934 equity shares to employees up to 31st March, 2014, of which 5,04,944 equity shares were issued during the current year.

The details of Employees stock option schemes are as under :

| | **Scheme 2005** | **Scheme 2010** |
|---|---|---|
| Type of arrangement | Employees share based payment plan administered through ESOS Trust | Employees share based payment plan administered through ESOS Trust |
| Contractual life | 6 years from the date of grant | 6 years from the date of grant |
| Method of settlement | By issue of shares at exercise price | By issue of shares at exercise price |
| Vesting conditions | 35% on expiry of 12 months from the date of grant | 20% on expiry of 12 months from the date of grant |
| | 25% on expiry of 24 months from the date of grant | 20% on expiry of 24 months from the date of grant |
| | 20% on expiry of 36 months from the date of grant | 20% on expiry of 36 months from the date of grant |
| | 10% on expiry of 48 months from the date of grant | 20% on expiry of 48 months from the date of grant |
| | 10% on expiry of 60 months from the date of grant | 20% on expiry of 60 months from the date of grant |

b) During the year, the Company has granted 1,17,625 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

| | **Grant dated 22nd July, 2013** | **Grant dated 21st October, 2013** |
|---|---|---|
| No. of options granted | 48130 | 69495 |
| | | |
| Intrinsic value of shares based on latest available closing market price (Rs.) | 210.35 | 270.40 |
| Total amount to be amortized over the vesting period (Rs. in Lacs) | 101.24 | 187.92 |
| Charge to Statement of profit and loss for the year (Rs. in Lacs) | 34.67 | 40.38 |
| Compensation in respect of lapsed cases (Rs. in Lacs) | Nil | 11.05 |
| Unamortized amount carried forward (Rs. in Lacs) | 66.57 | 136.48 |

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

| Vesting period in years | Grant dated 22nd July, 2013 | | Grant dated 21st October, 2013 | |
|---|---|---|---|---|
| | Expected Vesting | Fair Value (Rs.) | Expected Vesting | Fair Value (Rs.) |
| 1 | 9626 | 198.64 | 13899 | 259.46 |
| 2 | 9626 | | 13899 | |
| 3 | 9626 | | 13899 | |
| 4 | 9626 | | 13899 | |
| 5 | 9626 | | 13899 | |
| | **48130** | | **69495** | |

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

| Variables | Grant dated 22nd July, 2013 | Grant dated 21st October, 2013 |
|---|---|---|
| | | |
| 1) Risk free interest rate | 7.61% | 8.60% |
| 2) Expected life | 3.5 years | 3.25 years |
| 3) Expected volatility | 35.53% | 39.27% |
| 4) Dividend yield | 1.70% | 1.32% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 212.35 | 272.40 |

c) Summary of stock options

| Summary of Stock Options | March 2014 | |
|---|---|---|
| | No. of stock options | Weighted average exercise price (Rs.) |
| Options outstanding at the beginning of the year | 16,44,675 | 21.61 |
| Options granted during the year | 1,17,625 | 2.00 |
| Options forfeited/lapsed during the year # | 94,107 | 37.64 |
| Options exercised during the year | 5,04,944 | 34.57 |
| Options outstanding at the end of the year | 11,63,249 | 12.70 |
| Options vested but not exercised at the end of the year | 4,36,039 | 30.55 |

# including 4085 options forfeited/lapsed out of the options granted during the year

d) Information in respect of options outstanding :

| Grant date / Exercise price | March 2014 | |
|---|---|---|
| | No. of stock options | Weighted average remaining life |
| **Scheme 2005 :** | | |
| 24th July, 2007 at Rs.42.20 | - | - |
| 25th March, 2008 at Rs.60.80 | - | - |
| 18th September, 2008 at Rs.46.60 | 2,79,150 | 5 months |
| (a) | 2,79,150 | |

| Scheme 2010 : | | |
|---|---|---|
| 7th February, 2011 at Rs.2.00 | 6,34,749 | 18 months |
| 25th January, 2012 at Rs.2.00 | 1,35,810 | 26 months |
| 22nd July, 2013 at Rs.2.00 | 48,130 | 34 months |
| 21st October, 2013 at Rs.2.00 # | 65,410 | 37 months |
| (b) | 8,84,099 | |
| **Total (a + b)** | **11,63,249** | |

# net of 4085 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

| Date of Exercise | Average share price (Rs.) |
|---|---|
| 25-Apr-2013 | 228.46 |
| 16-May-2013 | 251.69 |
| 20-Jun-2013 | 266.69 |
| 19-Jul-2013 | 251.01 |
| 20-Aug-2013 | 240.09 |
| 21-Aug-2013 | 234.40 |
| 23-Sep-2013 | 258.45 |
| 17-Oct-2013 | 270.36 |
| 22-Nov-2013 | 293.20 |
| 16-Dec-2013 | 303.71 |
| 17-Jan-2014 | 277.86 |
| 19-Feb-2014 | 254.59 |
| 21-Mar-2014 | 257.16 |
| 25-Mar-2014 | 253.40 |

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 31 (h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005 :**

| Variables | 7-Dec-2005 | 24-Jul-2007 | 25-Mar-2008 | 18-Sep-2008 |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 5.8% to 6.6% | 8.17% | 7.31% | 8.20% |
| 2) Expected life | 2.5 - 5 years | 4.17 years | 4.17 years | 4.18 years |
| 3) Expected volatility | 0.50% | 43.69% | 43.61% | 43.66% |
| 4) Dividend yield | 5% | 1.59% | 1.59% | 1.64% |

| | | | | |
|---|---|---|---|---|
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 13.11* | 46.00 | 63.62 | 50.35 |

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010 :**

| **Variables** | **7-Feb-2011** | **25-Jan-2012** | **22-Jul-2013** | **21-Oct-2013** |
|---|---|---|---|---|
| | | | | |
| 1) Risk free interest rate | 7.73% | 8.11% | 7.61% | 8.60% |
| 2) Expected life | 4.5 years | 5.5 years | 3.5 years | 3.25 years |
| 3) Expected volatility | 42.38% | 46.08% | 35.53% | 39.27% |
| 4) Dividend yield | 2.28% | 2.11% | 1.70% | 1.32% |
| 5) Price of the underlying share in the market at the time of option grant (Rs.) | 138.60 | 133.14 | 212.35 | 272.40 |

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

| | **Intrinsic Value Method** | **Fair Value Method *** |
|---|---|---|
| **Particulars** | **March 2014** | **March 2014** |
| Net profit after tax (Rs. in Lacs) | 88722.75 | 88753.64 |
| Weighted average number of equity shares of Rs.2/- each – Basic | 563184677 | 563184677 |
| Weighted Average number of equity shares of Rs.2/- each – Diluted | 568764960 | 568764960 |
| Basic Earnings Per Share (Rs.) | 15.75 | 15.76 |
| Diluted Earnings Per Share # (Rs.) | 15.60 | 15.60 |

**#** Dilution in Earnings per share is on account of 52,39,841 equity shares held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.30.89 Lacs.

## 32. Loan provisions and write offs

m) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2014 is Rs. 35253.77 Lacs

n) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 2110.00 Lacs.

The total amount of provision on Standard assets of Rs.11625.00 Lacs is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no.7 and 11). The said amount includes additional / accelerated provision of 0.15% for Rs.4370.00 Lacs as at 31st March, 2014.

o) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

**33.** The Company has single reportable segment "Financial services" for the purpose of Accounting Standard 17 on Segment reporting.

**34. Employee benefits**

**Defined benefit plans -as per actuarial valuation**

**Rs.in Lacs**

| | | **Gratuity (Funded)** | **Sick leave (Non funded)** | **Privilege Leave (Non funded)** |
|---|---|---|---|---|
| | | **March 2014** | **March 2014** | **March 2014** |
| **I.** | **Expense recognised in the Statement of Profit & Loss Account for the year ended 31st** | | | |
| 1 | Current service cost | 559.24 | 86.49 | 572.34 |
| 2 | Interest cost | 76.35 | 10.06 | 49.84 |
| 3 | Expected return on plan assets | (74.56) | - | - |
| 4 | Actuarial (gains)/losses | (112.83) | (59.84) | (173.57) |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund * | (64.27) | - | - |
| 6 | Adjustment due to change in opening balance of plan assets | (186.28) | - | - |
| 7 | Total expense | **197.64** | **36.72** | **448.61** |
| | | | | |
| **II.** | **Net asset/(liability) recognised in the Balance Sheet as at 31st** | | | |
| 1 | Present value of defined benefit obligation as at 31st | 1192.46 | 147.88 | 846.55 |
| 2 | Fair value of plan assets as at 31st | 1111.98 | - | - |
| 3 | Funded status (surplus/(deficit)) | (80.48) | (147.88) | (846.55) |
| 4 | Net asset/(liability) as at 31st | **(80.48)** | **(147.88)** | **(846.55)** |

**Rs.in Lacs**

| | | Gratuity (Funded) | Sick leave (Non funded) | Privilege Leave (Non funded) |
|---|---|---|---|---|
| | | **March 2014** | **March 2014** | **March 2014** |
| **III.** | **Change in the obligations during the year ended 31st** | | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 855.07 | 111.16 | 564.13 |
| 2 | Current service cost | 559.24 | 86.49 | 572.34 |
| 3 | Interest cost | 76.35 | 10.06 | 49.84 |
| 4 | Actuarial (gains)/losses | (184.16) | (59.84) | (173.57) |
| 5 | Benefits paid | (114.04) | - | (166.20) |
| 6 | Present value of defined benefit obligation at the year ended 31st | **1192.46** | **147.88** | **846.55** |
| | | | | |
| **IV.** | **Change in the fair value of plan assets during the year ended 31st** | | | |
| 1 | Fair value of plan assets at the beginning of the year | 776.20 | | |
| 2 | Expected return on plan assets | 74.56 | | |
| 3 | Contributions by employer | 199.26 | | |
| 4 | Actuarial (Gains)/Losses | (74.56) | | |
| 5 | Fund amount to be transferred from MBCSPL gratuity fund * | 64.27 | | |
| 6 | Adjustment due to change in opening balance of Plan assets | 186.28 | | |
| 7 | Actual Benefits paid | (114.04) | | |
| 8 | Fair value of plan assets at the end of the year | **1111.98** | | |
| | | | | |
| **V.** | **Major category of plan assets as a percentage of total plan** | | | |
| | Funded with LIC | 100% | 100% | 100% |
| | | | | |
| **VI.** | **Actuarial Assumptions** | | | |
| 1 | Discount Rate (p.a.) | 8% | 8% | 8% |
| 2 | Expected rate of return on plan assets (p.a.) | 8% | - | - |
| 3 | Rate of Salary increase (p.a.) | 5% | 5% | 5% |
| 4 | In-service Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

| VII | | Year ended 31st March 2014 |
|---|---|---|
| | | |
| 1 | Defined benefit obligation at end of the period | 1192.46 |
| 2 | Plan assets at the end of period | 1111.98 |
| 3 | Funded status surplus/ (deficit) | (80.48) |
| 4 | Experience adjustments on plan liabilities (gain)/loss | (77.52) |
| 5 | Experience adjustments on plan assets gain/(loss) | **(21.77)** |

* During the year, certain employees of Mahindra Business & Consulting Services Private Limited (MBCSPL) were transferred to the payroll of the Company w.e.f. 1st January, 2014. The liability on account of retirement benefits (gratuity and leave encashment) has been considered while arriving at the employee benefits liability for the current year. Pending the transfer of funds lying with the MBCSPL Gratuity trust, the Company has considered the said amount in the plan assets balance as at 31st March, 2014. The Company expects to make a contribution to the Gratuity Fund of Rs. 439.42 lacs within a year.

**35. Disclosure on derivatives**

**Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2014**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 872.71 Lacs. The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2014.

**36. Securitisation / assignment transactions**

n) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 47122 contracts amounting to Rs. 126292.70 Lacs for a consideration of Rs.126292.70 Lacs and de-recognised the assets from the books.

o) During the year, the Company has without recourse assigned loan receivables of 6490 contracts amounting to Rs.19850.83 Lacs for a consideration of Rs.15554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs.1985.08 Lacs equivalent to 10% of the receivables have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 15 and 20).

The amount of profit in cash of Rs.314.94 Lacs on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 6 and 10).

p) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs.4189.65 Lacs considered no longer necessary (refer Accounting policy 3 (IV) A (iii).

q) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 15 and 20) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 6 and 10).

r) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.5146.47 Lacs.

s) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lacs**

| S. No. | | | | Particulars | March 2014 |
|---|---|---|---|---|---|
| 1 | | | | No of SPVs sponsored by the NBFC for securitization transactions | 8 |
| 2 | | | | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | 192645.41 |
| 3 | | | | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | |
| | a) | | | Off-balance sheet exposures | |
| | | * | | First loss - Credit enhancement in the form of corporate undertaking (refer note no.46 (i) (c)) | 4782.00 |
| | | * | | Others | - |
| | b) | | | On-balance sheet exposures | |
| | | * | | First loss – Cash collateral term deposits with banks (refer note no.19 (a) (ii)) | 18040.00 |
| | | * | | Others – Retained interest in Pass Through Certificates (refer note no.15 and 20) | 2213.95 |
| 4 | | | | Amount of exposures to securitization transactions other than MRR | |
| | a) | | | Off-balance sheet exposures | - |
| | | i) | | Exposure to own securitizations | |
| | | | * | First loss | - |
| | | | * | Loss | - |
| | | ii) | | Exposure to third party securitizations | |
| | | | * | First loss | - |
| | | | * | Others | - |
| | b) | | | On-balance sheet exposures | |
| | | i) | | Exposure to own securitizations | |
| | | | * | First loss | - |
| | | | * | Others – Cash collateral term deposits with banks (refer note no.19 (a) (ii)) | 2156.00 |
| | | ii) | | Exposure to third party securitizations | |
| | | | * | First loss | - |
| | | | * | Others | - |

**37.** There were 77 cases of frauds amounting to Rs. 560.32 Lacs reported during the year. The Company has recovered an amount of Rs.46.38 Lacs and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

**38.** The gold loans outstanding as a percentage of total assets is at 0.03%

**39. Related party disclosure as per Accounting Standard 18**

**A) List of the related parties and nature of relationship which have transactions with our Company during the year:**

| | |
|---|---|
| **Holding Company :** | Mahindra and Mahindra Limited |
| **Subsidiary Companies :** | Mahindra Insurance Brokers Limited<br>Mahindra Rural Housing Finance Limited<br>Mahindra Business & Consulting Services Private Limited<br>Mahindra Asset Management Company Private Limited |
| **Joint Ventures :** | Mahindra Finance USA, LLC |
| **Fellow subsidiary Companies:** | Mahindra Trucks & Buses Ltd. (merged with Mahindra & Mahindra Ltd. w.e.f. April 01, 2013)<br>Mahindra USA, Inc.<br>Mahindra Holidays and Resorts India Ltd.<br>Bristlecone India Limited<br>Mahindra Yueda (Yancheng) Tractor Co.Ltd.<br>NBS International Ltd.<br>Mahindra First Choice Wheels Ltd.<br>Mahindra Construction Company Ltd.<br>Mahindra Two Wheelers Ltd.<br>Mahindra First Choice Services Ltd. |
| **Key Management Personnel :** | Mr. Ramesh Iyer (Managing Director) |
| **Relatives of Key Management Personnel :** | Ms Janaki Iyer |
| | Ms Ramlaxmi Iyer |
| | Mr Risheek Iyer |

**B) Related party transactions are as under:**

**Rs. in Lacs**

| Sr. No. | Nature of transactions | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | Joint Ventures | Key Management Personnel |
|---|---|---|---|---|---|---|
| 1 | Income | | | | | |
| | Loan income | - | - | 1.79 | - | - |
| | Subvention income (iii) | 2,322.68 | - | - | - | - |
| | Other income | 1.02 | 1,499.88 | 54.11 | - | - |
| 2 | Expenses | | | | | |
| | Interest | 339.45 | 533.57 | - | - | 18.09 |
| | Other expenses | 1,394.33 | 17,420.53 | 167.71 | - | - |
| | Remuneration to MD | - | - | - | - | 274.80 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | Investment in share capital | - | 2,195.00 | - | 2,193.73 | - |
| 4 | Purchase of fixed assets | 421.36 | - | 5.85 | - | - |
| 5 | Finance<br>Fixed deposits | - | 2,700.00 | - | - | 207.50 |
| | Fixed deposits matured | - | - | - | - | 187.50 |
| | Dividend paid – for previous year | 10,483.48 | - | - | - | 18.99 |
| | Inter corporate deposits taken | 50,000.00 | 3,565.00 | - | - | - |
| | Inter corporate deposits repaid | 50,000.00 | 4,365.00 | - | - | - |
| | Inter corporate deposits given | - | 48,130.24 | - | - | - |
| | Inter corporate deposits refunded | - | 48,505.27 | 2,000.00 | - | - |
| 6 | Other transactions<br>Reimbursement from parties | 112.54 | - | - | - | - |
| | Reimbursement to parties | - | - | 113.75 | - | - |
| 7 | Balances as at the year end<br>Receivables (iii) | 375.59 | 85.12 | 1,091.74 | - | - |
| | Loans given (including interest accrued but not due) (ii) | - | - | 334.33 | - | - |
| | Inter corporate deposits given (including interest accrued but not due) (ii) | - | 1,437.16 | 113.38 | - | - |
| | Payables | - | 575.23 | 107.64 | - | - |
| | Subordinate debts held (including interest accrued but not due) | - | 700.76 | - | - | - |
| | Inter corporate deposits taken (including interest accrued but not due) | - | 4,414.76 | - | - | - |
| | Fixed deposits (including interest accrued but not due) | - | 2,834.75 | - | - | 214.79 |

Notes:

**i)** An amount of Rs 113.38 lacs of inter corporate deposits and Rs 334.33 lacs of loan given to Mahindra Construction Co Ltd is provided as Non Performing Asset in the books of account.

**ii)** Mahindra Trucks and Buses Ltd is merged with Mahindra & Mahindra Ltd (holding company) during the current year w.e.f. 01st April, 2013.

**C) The significant related party transactions are as under:**

**Rs. in Lacs**

| Nature of transactions | | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | Key Management Personnel |
|---|---|---|---|---|---|
| **Income** | | | | | |
| **Revenue from operations** | | | | | |
| Subvention income | Mahindra and Mahindra Limited | 2,322.68 | - | - | - |
| **Other income** | | | | | |
| Interest income on inter corporate deposits / subordinate debt | Mahindra Rural Housing Finance Limited | - | 366.01 | - | - |
| | Mahindra Business & Consulting Services Private Limited | - | 114.54 | - | - |
| Dividend income | Mahindra Rural Housing Finance Limited | - | 400.00 | - | - |
| Income from shared services | Mahindra Rural Housing Finance Limited | - | 442.30 | - | - |
| | Mahindra Insurance Brokers Limited | - | 102.64 | - | - |
| **Expenses** | | | | | |
| **Interest** | | | | | |
| Interest expense on inter corporate deposits, nonconvertible debentures and fixed deposits | Mahindra and Mahindra Limited | 339.45 | - | - | - |
| | Mahindra Insurance Brokers Limited | - | 533.57 | - | - |
| **Other expenses** | | | | | |
| Manpower outsourcing expenses | Mahindra Business & Consulting Services Private Limited | - | 16,172.88 | - | - |

Rs. in Lacs

| Nature of transactions | | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | Key Management Personnel |
|---|---|---|---|---|---|
| Handling charges | Mahindra Insurance Brokers Limited | - | 1,247.65 | - | - |
| Purchase of fixed assets | Mahindra and Mahindra Limited | 421.36 | - | - | - |
| **Finance** | | | | | |
| Fixed deposits | Mahindra Insurance Brokers Limited | - | 2,700.00 | - | - |
| Fixed deposits matured | Ramesh Iyer | - | - | - | 44.50 |
| | Janaki Iyer | - | - | - | 133.00 |
| Dividend paid - for previous year | Mahindra and Mahindra Limited | 10,483.48 | - | - | - |
| Inter corporate deposits taken | Mahindra and Mahindra Limited | 50,000.00 | - | - | - |
| Inter corporate deposits repaid | Mahindra and Mahindra Limited | 50,000.00 | - | - | - |
| Inter corporate deposits given | Mahindra Rural Housing Finance Limited | - | 46298.00 | - | - |
| Inter corporate deposits refunded | Mahindra Rural Housing Finance Limited | - | 45812.63 | - | - |
| **Balances at the year end** | | | | | |
| Receivables | Mahindra Holidays & Resorts India Limited | - | - | 1,091.74 | - |
| | Mahindra & Mahindra Limited | 375.59 | - | - | - |
| Loan given (including interest accrued but not due) | Mahindra Construction Company Limited | - | - | 334.33 | - |

| Nature of transactions | | Holding Company | Subsidiary Companies | Fellow subsidiary Companies | Key Management Personnel |
|---|---|---|---|---|---|
| Payables | Mahindra Insurance Brokers Limited | - | 387.75 | - | - |
| | Mahindra Business & Consulting Services Private Limited | - | 138.14 | - | - |
| Inter corporate deposits taken (including interest accrued but not due) | Mahindra Insurance Brokers Limited | - | 4,414.76 | - | - |
| Inter corporate deposits given (including interest accrued but not due) | Mahindra Business & Consulting Services Private Limited | - | 884.33 | - | - |
| | Mahindra Rural Housing Finance Limited | - | 552.83 | - | - |
| Subordinate debt held (including interest accrued but not due) | Mahindra Rural Housing Finance Limited | - | 700.76 | - | - |

Rs. in lakhs

## 40 Contingent liabilities and commitments (to the extent not provided for)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **i) Contingent liabilities** | | |
| a) Claims against the Company not acknowledged as debts | 14,952.43 | 15,803.21 |
| b) Guarantees | 23,249.37 | 21,037.84 |
| | 38,201.80 | 36,841.05 |
| **ii) Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account | 791.64 | 469.77 |
| Other commitments | 87,026.20 | 27,585.74 |
| | 87,817.84 | 28,055.51 |
| **Total** | **126,019.64** | **64,896.56** |

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

## 41 Micro and small enterprises :

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| a) Principal amount due and remaining unpaid to suppliers as at the year end | - | - |
| b) Interest accrued and due to suppliers on the above amount as at the year end | - | - |
| c) Interest paid to suppliers in terms of Section 16 of the MSMED Act | - | - |
| d) Payment made to suppliers (other than interest) beyond the appointed day, during the year | - | - |
| e) Interest paid to suppliers (other than Section 16 of the MSMED Act) | - | - |
| f) Interest due and payable to suppliers for payments already made (for the period of delay, if any) | - | - |
| g) Interest accrued and remaining unpaid at the year end | - | - |
| h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | - | - |
| | - | - |

## 42 Secured long-term borrowings:

### i) Secured non-convertible debentures

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 9.00% | 179,500.00 | - | 179,500.00 |
| Maturing between 3 years to 5 years | 7.50% - 8.95% | 51,700.00 | - | 51,700.00 |
| Maturing between 1 year to 3 years | 7.29% - 9.45 % | 891,860.00 | - | 891,860.00 |
| Maturing within 1 year | 7.53% - 10.25% | - | 504,050.00 | 504,050.00 |
| **Total at face value** | | **1,123,060.00** | **504,050.00** | **1,627,110.00** |
| Less: Unamortised discounting charges | | 6,517.56 | 337.59 | 6,855.15 |
| **Total redemption value, net of unamortized discounting charges** | | **1,116,542.44** | **503,712.41** | **1,620,254.85** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% 9.00% | 189,200.00 | - | 189,200.00 |
| Maturing between 3 years to 5 years | 7.50% 8.90% | 132,780.00 | - | 132,780.00 |
| Maturing between 1 year to 3 years | 7.43% 10.25% | 855,350.00 | - | 855,350.00 |
| Maturing within 1 year | 7.38% 9.45% | - | 243,380.00 | 243,380.00 |
| **Total at face value** | | **1,177,330.00** | **243,380.00** | **1,420,710.00** |
| Less: Unamortised discounting charges | | 4,130.93 | 1,617.47 | 5,748.40 |
| **Total redemption value, net of unamortized discounting charges** | | **1,173,199.07** | **241,762.53** | **1,414,961.60** |

Rs. in lakhs

## 42 Secured long-term borrowings: *(Continued)*

### ii) Secured term loans from banks

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| **1) Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.25%-8.35% | 64,000.00 | - | 64,000.00 |
| Maturing within 1 year | 8.00%-8.45% | - | 50,000.00 | 50,000.00 |
| **Total for repayable on maturity** | | **64,000.00** | **50,000.00** | **114,000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Monthly -** | | | | |
| Maturing between 1 year to 3 years | 7.85% | 10,000.00 | - | 10,000.00 |
| **Total** | | **10,000.00** | **-** | **10,000.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 7.90%- | 51,785.71 | - | 51,785.71 |
| Maturing between 1 year to 3 years | 7.90%- | 111,607.14 | - | 111,607.14 |
| Maturing within 1 year | 8.10%- | - | 79,404.77 | 79,404.77 |
| **Total** | | **163,392.85** | **79,404.77** | **242,797.62** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 8.15% | 100,000.00 | - | 100,000.00 |
| Maturing between 1 year to 3 years | 7.45%- | 225,000.00 | - | 225,000.00 |
| Maturing within 1 year | 7.45%- | - | 40,000.00 | 40,000.00 |
| **Total** | | **325,000.00** | **40,000.00** | **365,000.00** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 7.90%- | 40,000.00 | - | 40,000.00 |
| Maturing between 1 year to 3 years | 7.90%- | 115,166.67 | - | 115,166.67 |
| Maturing within 1 year | 8.05%- | - | 108,167.33 | 108,167.33 |
| **Total** | | **155,166.67** | **108,167.33** | **263,334.00** |
| **Total for repayable in installments** | | **653,559.52** | **227,572.10** | **881,131.62** |
| **TOTAL ( 1+2 )** | | **717,559.52** | **277,572.10** | **995,131.62** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| **1) Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.05% - 8.55% | 74,000.00 | - | 74,000.00 |
| Maturing within 1 year | 8.55% - 9.70% | - | 35,000.00 | 35,000.00 |
| **Total for repayable on maturity** | | **74,000.00** | **35,000.00** | **109,000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 8.15% - 8.90% | 15,000.00 | - | 15,000.00 |
| Maturing between 1 year to 3 years | 8.15% - 9.35% | 76,130.95 | - | 76,130.95 |
| Maturing within 1 year | 8.15% - 9.65% | - | 85,476.19 | 85,476.19 |
| **Total** | | **91,130.95** | **85,476.19** | **176,607.14** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 9.05% | 25,000.00 | | 25,000.00 |
| Maturing between 1 year to 3 years | 8.30% - 9.70% | 117,666.67 | | 117,666.67 |
| Maturing within 1 year | 8.50%- 9.70% | - | 74,333.33 | 74,333.33 |
| **Total** | | **142,666.67** | **74,333.33** | **217,000.00** |
| **iii) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 9.30% - 9.70% | 36,666.66 | | 36,666.66 |
| Maturing between 1 year to 3 years | 8.45% - 9.70% | 141,667.00 | | 141,667.00 |
| Maturing within 1 year | 8.45% - 9.70% | - | 48,333.34 | 48,333.34 |
| **Total** | | **178,333.66** | **48,333.34** | **226,667.00** |
| **Total for repayable in installments** | | **412,131.28** | **208,142.86** | **620,274.14** |
| **TOTAL ( 1+2 )** | | **486,131.28** | **243,142.86** | **729,274.14** |

Rs. in lakhs

## 42 Secured long-term borrowings: *(Continued)*

### iii) Foreign currency loans from banks

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 0.86% - 1.92% and fixed rate of 3.31% | 59,616.55 | - | 59,616.55 |
| Maturing within 1 year | LIBOR plus spread 2.00% - 2.20% | - | 47,602.92 | 47,602.92 |
| **TOTAL** | | **59,616.55** | **47,602.92** | **107,219.47** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 47,460.87 | - | 47,460.87 |
| Maturing within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 52,099.08 | 52,099.08 |
| **TOTAL** | | **47,460.87** | **52,099.08** | **99,559.95** |

## 43 Unsecured borrowings:

### i) Subordinated debts (long-term)

**As at 31 March 2018**

**A) Issued on private placement basis:**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 9.70% | 51,780.00 | - | 51,780.00 |
| Maturing between 3 years to 5 years | 9.80% - 10.50% | 17,050.00 | - | 17,050.00 |
| Maturing between 1 year to 3 years | 9.50% - 10.02% | 41,720.00 | - | 41,720.00 |
| Maturing within 1 year | 11.75% | - | 980.00 | 980.00 |
| **Sub-total** | | **110,550.00** | **980.00** | **111,530.00** |

**B) Issued to retail investors through public issue:**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 7.75% - 9.00% | 209,587.35 | - | 209,587.35 |
| Maturing between 3 years to 5 years | 8.34% - 8.70% | 5,465.78 | - | 5,465.78 |
| **Sub-total** | | **215,053.13** | **-** | **215,053.13** |
| **Total (A+B)** | | **325,603.13** | **980.00** | **326,583.13** |

Rs. in lakhs

## 43 Unsecured borrowings: *(Continued)*

### i) Subordinated debts (long-term) *(Continued)*

**As at 31 March 2017**

**A) Issued on private placement basis:**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90%-10.15% | 58,780.00 | - | 58,780.00 |
| Maturing between 3 years to 5 years | 9.50%-10.50% | 37,270.00 | - | 37,270.00 |
| Maturing between 1 year to 3 years | 9.85%-11.75% | 15,480.00 | - | 15,480.00 |
| Maturing within 1 year | 10.50%-12.00% | - | 6,880.00 | 6,880.00 |
| **Sub-total** | | **111,530.00** | **6,880.00** | **118,410.00** |

**B) Issued to retail investors through public issue:**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current maturity | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.44% - 9.00% | 94,534.22 | - | 94,534.22 |
| Maturing between 3 years to 5 years | 8.34% - 8.70% | 5,465.78 | - | 5,465.78 |
| **Sub-total** | | **100,000.00** | **-** | **100,000.00** |
| **Total (A+B)** | | **211,530.00** | **6,880.00** | **218,410.00** |

### ii) Unsecured term loans from banks

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Short-term | (b) Long-term | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 7.76% | 10,000.00 | - | 10,000.00 |
| **Sub-total** | | **10,000.00** | **-** | **10,000.00** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Short-term | (b) Long-term | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 7.50% - 8.00% | 7,400.00 | - | 7,400.00 |
| **Sub-total** | | **7,400.00** | **-** | **7,400.00** |

Rs. in lakhs

## 43 Unsecured borrowings: *(Continued)*

### iii) Inter-corporate deposits (ICDs)

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Short-term | Long-term (b) Non-current | (c)Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year - | | | | | |
| Related parties | 6.50% - 8.65% | 52,025.00 | - | - | 52,025.00 |
| Others | 6.50% - 8.65% | 5,000.00 | - | - | 5,000.00 |
| **Total** | | **57,025.00** | **-** | **-** | **57,025.00** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Short-term | Long-term (b) Non-current | (c)Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | | | | | |
| Related parties | 6.50% 7.50% | 55,200.00 | - | - | 55,200.00 |
| Others | - | - | - | - | - |
| **Total** | | **55,200.00** | **-** | **-** | **55,200.00** |

### iv) Fixed deposits

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | (a) Short-term | Long-term (a) Non-current | (b)Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing between 3 years to 5 years | 7.35% - 8.80% | - | 24,058.99 | - | 24,058.99 |
| Maturing between 1 year to 3 years | 7.30% - 10.10% | - | 138,227.52 | - | 138,227.52 |
| Maturing within 1 year | 7.30% - 10.10% | 29,756.58 | - | 121,694.04 | 151,450.62 |
| **Total** | | **29,756.58** | **162,286.51** | **121,694.04** | **313,737.13** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | (a) Short-term | Long-term (a) Non-current | (b)Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing between 3 years to 5 years | 7.35% - 10.10% | - | 31,748.40 | | 31,748.40 |
| Maturing between 1 year to 3 years | 7.35% - 10.10% | - | 191,170.45 | | 191,170.45 |
| Maturing within 1 year | 7.30% - 10.60% | 25,686.71 | - | 189,690.58 | 215,377.29 |
| **Total** | | **25,686.71** | **222,918.85** | **189,690.58** | **438,296.14** |

Rs. in lakhs

## 44 Short-term borrowings (Secured)

### i) Cash credit facilities with banks

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.05% - 8.30% | 24,805.96 |
| **Total** | | **24,805.96** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90%-12.35% | 62,090.05 |
| **Total** | | **62,090.05** |

### ii) Secured term loans from banks

**As at 31 March 2018**

**Rs. in lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90% - 8.15% | 70,000.00 |
| **Total** | | **70,000.00** |

**As at 31 March 2017**

**Rs. in lakhs**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90%-12.35% | 70,600.00 |
| **Total** | | **70,600.00** |

### iii) Commercial papers

**As at 31 March 2018**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity (at face value):** | | |
| Maturing within 1 year | 7.20% - 7.90% | 422,500.00 |
| Less: Unamortised discounting charges | | 5,597.68 |
| **Total redemption value, net of unamortized discounting charges** | | **416,902.32** |

**As at 31 March 2017**

| From the Balance Sheet date | Rate range | Total |
|---|---|---|
| **Repayable on maturity (at face value):** | | |
| Maturing within 1 year | 6.65% -7.31% | 365,500.00 |
| Less: Unamortised discounting charges | | 7,455.19 |
| **Total redemption value, net of unamortized discounting charges** | | **358,044.81** |

Rs. in lakhs

**45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

| Sr. No. | Particulars | As at 31 March 2018 Amount Outstanding | As at 31 March 2018 Amount Overdue | As at 31 March 2017 Amount Outstanding | As at 31 March 2017 Amount Overdue |
|---|---|---|---|---|---|
| | **Liabilities** | | | | |
| 1) | **Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :** | | | | |
| | (a) Debentures : Secured | 1,733,174.48 | - | 1,497,388.91 | - |
| | (b) Deferred Credits | - | - | - | - |
| | (c) Term Loans | 1,078,385.70 | - | 807,909.69 | - |
| | (d) Inter-corporate loans and Other Borrowings | 57,876.07 | - | 55,632.72 | - |
| | (e) Commercial Paper | 416,902.32 | - | 358,044.81 | - |
| | (f) Public Deposits | 304,074.32 | - | 421,571.95 | - |
| | (g) Fixed Deposits accepted from Corporates | 31,112.09 | - | 48,898.50 | - |
| | (h) FCNR Loans | 107,260.97 | - | 99,654.21 | - |
| | (i) Subordinate debt (including NCDs issued through Public issue) | 345,322.48 | - | 231,130.30 | - |
| | (j) Other Short Term Loans and credit facilities from banks | 24,891.77 | - | 62,090.05 | - |
| 2) | **Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :** | | | | |
| | (a) In the form of Unsecured debentures | - | - | - | - |
| | (b) In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security | - | - | - | - |
| | (c) Other public deposits | 304,074.32 | - | 421,571.95 | - |

| | | As at 31 March 2018 Amount Outstanding | As at 31 March 2017 Amount Outstanding |
|---|---|---|---|
| | **Asset side:** | | |
| 3) | **Break-up of Loans and Advances including bills receivables [ other than those included in (4) below ] :** | | |
| | (a) Secured | 183.26 | 313.04 |
| | (b) Unsecured | 250,507.08 | 190,182.42 |
| 4) | **Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :** | | |
| | (i) Lease assets including lease rentals under sundry debtors : | | |
| | (a) Financial lease | - | - |
| | (b) Operating lease | 0.49 | - |
| | (ii) Stock on hire including hire charges under sundry debtors : | | |
| | (a) Assets on hire | - | - |
| | (b) Repossessed Assets | - | - |
| | (iii) Other loans counting towards AFC activities : | | |
| | (a) Loans where assets have been repossessed | 12,611.07 | 15,278.93 |
| | (b) Loans other than (a) above | 4,608,283.30 | 3,819,078.69 |
| 5) | **Break-up of Investments :** | | |
| | Current Investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | 10,275.00 | 7,775.01 |
| | (iii) Units of mutual funds | 500.00 | 27,500.00 |
| | (iv) Government Securities | - | - |
| | (v) Investments in Certificate of Deposits with Banks | - | - |
| | 2. Unquoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | 700.00 | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Certificate of Deposits with Banks | - | - |
| | (vi) Commercial Papers | 30,050.68 | 20,858.36 |

Rs. in lakhs

**45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)***

| | Particulars | As at 31 March 2018 Amount Outstanding | As at 31 March 2017 Amount Outstanding |
|---|---|---|---|
| 5) | **Break-up of Investments : *(Continued)*** | | |
| | Long Term Investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | 6200.00 | 8975.00 |
| | (iii) Units of mutual funds | 200.00 | 200.00 |
| | (iv) Government Securities | 70251.08 | 70418.03 |
| | 2. Unquoted : | | |
| | (i) Shares : (a) Equity | 69139.98 | 50880.36 |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | 700.00 |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |

**6) Borrower group-wise classification assets financed as in (3) and (4) above :**

| Category | As at 31 March 2018 Amount net of provisions Secured | Unsecured | Total | As at 31 March 2017 Amount net of provisions Secured | Unsecured | Total |
|---|---|---|---|---|---|---|
| 1. Related Parties | | | | | | |
| (a) Subsidiaries | - | - | - | - | - | - |
| (b) Companies in the same group | - | - | - | 2,114.46 | - | 2,114.46 |
| (c) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | 4,621,078.12 | 250,507.08 | 4,871,585.20 | 3,832,556.20 | 190,182.42 | 4,022,738.62 |
| **Total** | **4,621,078.12** | **250,507.08** | **4,871,585.20** | **3,834,670.66** | **190,182.42** | **4,024,853.08** |

**7) Investor group-wise classification of all investments ( current and long term ) in shares and securities ( both quoted and unquoted ) :**

| Category | As at 31 March 2018 Market Value/ Break up or fair value or NAV | Book Value (net of provisions) | As at 31 March 2017 Market Value/ Break up or fair value or NAV | Book Value (net of provisions) |
|---|---|---|---|---|
| 1. Related Parties | | | | |
| (a) Subsidiaries | 49,047.38 | 49,047.38 | 33,150.20 | 33,150.20 |
| (b) Companies in the same group | 20,792.60 | 20,792.60 | 18,430.16 | 18,430.16 |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | 121,109.19 | 117,476.76 | 142,591.04 | 135,726.40 |
| **Total** | **190,949.17** | **187,316.74** | **194,171.40** | **187,306.76** |

**8) Other information:**

| Particulars | As at 31 March 2018 Amount | As at 31 March 2017 Amount |
|---|---|---|
| i) Gross Non-Performing Assets : | | |
| (a) Related parties | 348.01 | 348.01 |
| (b) Other than related parties | 403,881.91 | 353,066.53 |
| ii) Net Non-Performing Assets : | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 197,063.34 | 159,967.91 |
| iii) Assets acquired in satisfaction of debt : | - | - |

Rs. in lakhs

**46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

**I) Capital**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| CRAR (%) # | 21.9% | 17.2% |
| CRAR-Tier I Capital (%) | 16.0% | 12.8% |
| CRAR-Tier II Capital (%) | 5.9% | 4.4% |
| Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs) | 115,053.13 | 100,000.00 |
| Amount raised by issue of Perpetual Debt Instruments | - | - |

# In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend as liability for the current financial year and corresponding previous financial year. However, the Company has adjusted the amount of proposed dividend amounting to Rs.29,378.43 Lakhs including dividend distribution tax for the current financial year (31 March 2017: 16,097.30 Lakhs) in determining capital funds for computation of Capital Adequacy ratio as at March 31, 2018.

**II) Investments**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 167,225.14 | 168,877.60 |
| (b) Outside India | 20,091.60 | 18,429.16 |
| (ii) Provisions for Depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net Value of Investments | | |
| (a) In India | 167,225.14 | 168,877.60 |
| (b) Outside India | 20,091.60 | 18,429.16 |
| Movement of provisions held towards depreciation on investments. | | |
| (i) Opening balance | - | - |
| (ii) Add : Provisions made during the year | - | - |
| (iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| (iv) Closing balance | - | - |

**III) Derivatives**

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| (i) The notional principal of swap agreements | 43,674.70 | 9,687.50 |
| (ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | - | - |
| (iii) Collateral required by the Company upon entering into swaps | - | - |
| (iv) Concentration of credit risk arising from the swaps | N.A. | N.A. |
| (v) The fair value of the swap book ( Asset / (Liability) ) | (8.11) | (2.44) |

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

c) Disclosures on Risk Exposure in Derivatives

**Qualitative Disclosures –**

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

Rs. in lakhs

**46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)***

**III) Derivatives *(Continued)***

**Qualitative Disclosures – *(Continued)***

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

**Quantitative Disclosures –**

d) Foreign currency non-repatriate loans availed:

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Currency Derivatives | Interest Rate Derivatives | Currency Derivatives | Interest Rate Derivatives |
| i) Derivatives (Notional Principal Amount) | | | | |
| - For hedging | 108674.7 | | 102592.50 | |
| ii) Marked to Market Positions [1] | | | | |
| (a) Asset (+) Estimated gain | - | 14.86 | - | - |
| (b) Liability (-) Estimated loss | (2,022.28) | (22.97) | (618.23) | (2.44) |
| iii) Credit Exposure [2] | - | - | - | - |
| iv) Unhedged Exposures | - | - | - | - |

Rs. in lakhs

## 46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important

### IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

| Sr. no. | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| 1) | No of SPVs sponsored by the NBFC for securitisation transactions | 14.00 | 17 |
| 2) | Total amount of securitised assets as per books of the SPVs sponsored | 75,726.36 | 81,804.49 |
| 3) | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss- | | |
| | Credit enhancement in form of corporate undertaking | 22,336.29 | 21,037.84 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss- | | |
| | Cash collateral term deposits with banks | 3,200.00 | 16,958.00 |
| | Others- | | |
| | Retained interest in pass through certificates (excluding accrued interest) | 36.12 | 151.77 |
| 4) | Amount of exposures to securitisation transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | - | - |
| | Excess Interest Spread | 15,046.45 | 21,053.50 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | | |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others- | - | - |
| | Cash collateral term deposits with banks | - | 1,856.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

During the current year and the previous year, the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

**c) Details of Assignment transactions undertaken by NBFCs**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| i) No. of accounts | - | - |
| ii) Aggregate value (net of provisions) of accounts sold | - | - |
| iv) Aggregate consideration | - | - |
| v) Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| vi) Aggregate gain / loss over net book value | - | - |

Rs. in lakhs

## 46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important

**IV) Disclosures relating to Securitisation *(Continued)***

**d) Details of non-performing financial assets purchased / sold**

**i) Details of non-performing financial assets purchased:**

During the current year and the previous year the Company has not purchased any non -performing financial assets.

**ii) Details of Non-performing Financial Assets sold:**

During the current year and the previous year the Company has not sold any non -performing financial assets.

**V) Exposures**

**a) Exposure to Real Estate Sector**

During the current year and the previous the Company has no Exposure to Real estate sector.

**b) Exposure to Capital Market**

| | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| (i) | direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | 69,139.98 | 50,880.36 |
| (ii) | advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | - | - |
| (iii) | advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | - | - |
| (iv) | advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) | secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) | loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) | bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) | all exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| | **Total Exposure to Capital Market** | **69,139.98** | **50,880.36** |

**c) Details of financing of parent company products**

Of the total financing activity undertaken by the Company during the financial year 2017-18, 43% (31 March 2017: 47%) of the financing was towards parent company products.

**d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**e) Unsecured Advances**

As at 31 March 2018, the amount of unsecured advances stood at Rs. 2,42,125.35 Lakhs (31 March 2017: Rs.1,72,370.24 Lakhs).

**VI) Miscellaneous**

**a) Registration obtained from other financial sector regulators**

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

**b) Disclosure of Penalties imposed by RBI and other regulators**

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

Rs. in lakhs

**46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)***

**VI) Miscellaneous *(Continued)***

**c) Related Party Transactions**

(refer note 43)

**d) Rating assigned by credit rating agencies and migration of ratings during the year**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**Credit Rating -**

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

**VII) Net Profit of Loss for the period ,prior period items and change in accounting policies**

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

**VIII) Revenue Recognition**

(Refer note no. 2.3 under Summary of Significant Accounting Policies)

**IX) Accounting Standard 21- Consolidated Financial Statements (CFS)**

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

**Additional Disclosures :**

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

**X) Provisions and Contingencies**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account** | | |
| Provisions for depreciation on Investment | - | - |
| Provision towards non-performing assets | 13,697.64 | 44,233.45 |
| Provision made towards Income tax | 54,312.94 | 36,350.00 |
| Other Provision and Contingencies (with details) | - | - |
| Provision for diminution in the fair value of restructured advances | (9.27) | (0.94) |
| Provision for Standard Assets | 3,208.00 | 2,180.00 |

**Draw Down from Reserves**

Year ended March 31, 2018 : Nil

Year ended March 31, 2017 : Nil

**XI) Concentration of Deposits, Advances, Exposures and NPAs**

**a) Concentration of Deposits (for deposit taking NBFCs)**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Total Deposits of twenty largest depositors | 35,682.31 | 47,232.85 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC. | 10.6% | 10.0% |

Rs. in lakhs

## 46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important

### XI) Concentration of Deposits, Advances, Exposures and NPAs *(Continued)*

#### b) Concentration of Advances

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Total Advances to twenty largest borrowers | 170,572.76 | 122,204.95 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 3.4% | 2.9% |

#### c) Concentration of Exposures

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 170,572.76 | 122,204.95 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / cu | 3.4% | 2.9% |

#### d) Concentration of NPAs

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Total Exposure to top four NPA accounts | **7,798.75** | 6,122.71 |

#### e) Sector-wise NPAs

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| | Percentage of NPAs to Total Advances in that sector | Percentage of NPAs to Total Advances in that sector |
| i) Agriculture & allied activities | 12.1% | 11.1% |
| ii) Auto loans | 7.9% | 8.5% |
| iii) MSME/ | 3.0% | 3.0% |
| iv)Corporate borrowers | 10.7% | 7.5% |
| v) Unsecured personal loans | 10.5% | 16.4% |
| vi) Other personal loans | - | - |
| vii) Services | - | - |

#### f) Movement of NPAs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| i) Net NPAs to Net Advances (%) | **4.1%** | 4.0% |
| ii) Movement of NPAs (Gross) | | |
| (a) Opening balance | 353,414.54 | 272,724.55 |
| (b) Additions during the year | 513,649.43 | 426,426.96 |
| (c)Reductions during the year | 462,834.05 | 345,736.96 |
| (d)Closing balance | **404,229.92** | **353,414.54** |
| iii) Movement of Net NPAs | | |
| (a) Opening balance | 159,967.91 | 123,511.37 |
| (b) Additions during the year | 320,209.10 | 260,781.39 |
| (c) Reductions during the year | 283,113.67 | 224,324.85 |
| (d)Closing balance | **197,063.34** | **159,967.91** |
| iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) Opening balance | 193,446.63 | 149,213.18 |
| (b)Provisions made during the year | 193,440.33 | 165,645.57 |
| (c)Write-off / write-back of excess provisions | 179,720.38 | 121,412.12 |
| (d)Closing balance | **207,166.58** | **193,446.63** |

Rs. in lakhs

**46 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016** ***(Continued)***

**XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

| Name of the Joint Venture/ Subsidiary | Other Partner in the JV | Country | Total Assets Year ended 31 March 2018 | Total Assets Year ended 31 March 2017 |
|---|---|---|---|---|
| **Mahindra Finance USA, LLC** | **De Lage Landen Financial Services** | **USA** | **340,939.06** | 297,127.58 |

**XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

| Name of the SPV sponsored - | |
|---|---|
| **Domestic** | **Overseas** |
| N/A | N/A |

**XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

**As at March 31, 2018**

| Particulars | Up to 30/31 days | Over 1 month up to 2 months | Over 2 months up to 3 months | Over 3 months up to 6 months | Over 6 months up to 1 year | Over 1 year months up to 3 years | Over 3 year months up to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 12,796.72 | 15,669.10 | 13,312.83 | 46,707.86 | 63,328.18 | 138,227.52 | 24,058.99 | - | 314,101.20 |
| Advances | 372,496.86 | 207,802.09 | 185,594.57 | 454,028.21 | 809,615.98 | 2,111,565.64 | 511,158.92 | 202,982.88 | 4,855,245.15 |
| Reserves & surplus | - | - | - | - | - | - | - | 918,019.18 | 918,019.18 |
| Investments | 5,766.55 | 2,749.94 | 6,599.35 | 7,193.20 | 19,216.63 | 11,081.74 | 6,489.50 | 128,219.83 | 187,316.74 |
| Borrowings | 102,467.86 | 245,514.47 | 296,396.85 | 134,717.33 | 487,095.32 | 1,547,642.20 | 266,001.49 | 440,869.62 | 3,520,705.14 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | 23,960.84 | - | 23,642.08 | 59,616.55 | - | - | 107,219.47 |

**As at March 31, 2017**

| Particulars | Up to 30/31 | Over 1 | Over 2 | Over 3 months | Over 6 months | Over 1 year | Over 3 year | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 17,433.22 | 17,319.05 | 21,467.65 | 68,664.62 | 90,771.50 | 191,168.19 | 31,748.25 | - | 438,572.48 |
| Advances | 299,238.93 | 170,423.06 | 164,879.04 | 403,218.09 | 675,874.67 | 1,751,899.76 | 392,398.33 | 1,336.61 | 3,859,268.49 |
| Reserves & surplus | - | - | - | - | - | - | - | 636,423.59 | 636,423.59 |
| Investments | 27,700.00 | - | - | - | 22,500.00 | 4,193.09 | 21,001.32 | 113,553.99 | 188,948.40 |
| Borrowings | 76,935.02 | 190,000.00 | 63,187.14 | 301,157.14 | 313,383.57 | 1,412,984.67 | 252,182.45 | 342,514.78 | 2,952,344.77 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | 4,863.75 | 14,741.65 | 4,863.75 | - | 27,629.93 | 47,460.87 | - | - | 99,559.95 |

**XV Disclosure of complaints**

**Customer complaints**

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| (a) No. of complaints pending at the beginning of the year | 2 | 5 |
| (b) No. of complaints received during the year | 2,136 | 93 |
| (c) No. of complaints redressed during the year | 1,823 | 96 |
| (d) No. of complaints pending at the end of the year | 315 | 2 |

During the current year, the Company has included customer complaints received online through it's website.

Rs. in lakhs

## 47 Corporate Social Responsibility (CSR)

During the year, the Company has incurred an expenditure of Rs.2,557.55 Lakhs (31 March 2017 : Rs. 2,905.66 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.145.99 Lakhs (31 March 2017 : Rs. 141.87 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 28).

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 2,706.75 lakhs (Previous year: Rs. 3,047.53 lakhs).

b) Amount spent by the Company during the year :

**Rs. in lakhs**

| | **For the year ended 31 March 2018** | | | For the year ended 31 March 2017 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **In cash** | **Yet to be** | **Total** | In cash | Yet to be paid | Total |
| i) Construction / acquisition of any asset | - | - | **-** | - | - | - |
| ii) On purpose other than (i) above | 2,703.54 | - | **2,703.54** | 3,047.53 | - | 3,047.53 |

In addition to amount spent as per point (b) above, the Company has also spent Rs.12.25 lakhs as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013 and considering this salary cost, the total amount spent by the Company during the year stood at Rs.2,715.79 lakhs.

**48** The disclosures regarding details of Specified Bank Notes (SBNs) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding disclosure as required under notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been reproduced here below:

Rs. in lakhs

| | **SBNs** | **Other Denomination notes** | **Total** |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 3,336.73 | 263.81 | 3,600.54 |
| Add : Permitted Receipts # | 10.78 | 81,369.76 | 81,380.54 |
| Less : Permitted Payments | - | 12.65 | 12.65 |
| Less : Amount deposited in Banks | 3,347.51 | 79,176.19 | 82,523.70 |
| Closing cash in hand as on December 30, 2016 | - | 2,444.73 | 2,444.73 |

## 49 Fresh issue of equity share capital

The Board of Directors of the Company, at its meeting held on 1 November 2017, and special resolution passed by the members at the Extraordinary General Meeting held on 29 November 2017 had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company has raised funds amounting to Rs. 211100.00 lakhs through allotment of fresh equity shares as per details provided below :

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.105500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.105600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 210120.00 lakhs.

## 50 Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's)

During the year, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of the face value of Rs.1,000.00 each. The NCD's were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCD's issue expenses of Rs.1215.07 lakhs (net of taxes) has been adjusted against securities premium reserve as per the accounting policy. The total amount of NCDs outstanding as at 31 March 2018 were Rs. 2,15,053.13 lakhs, including the amount of fresh issuance during the year.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 5,053.12 Lakhs (31 March 2017: Rs.2649.86 lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2018, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

## 51 Leases

In the cases where assets are given on operating lease (as lessor) -

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

| **Particulars** | **Year ended 31** | **Year ended 31** |
|---|---|---|
| **i) New vehicles to retail customers on operating lease -** | | |
| Not later than one year | 3.87 | - |
| Later than one year but not later than five years | 2.39 | - |
| Later than five years | - | - |
| | 6.26 | - |
| **ii) Used and refurbished vehicles to travel operators / taxi aggregators -** | | |
| Not later than one year | 2.53 | - |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |
| | 2.53 | - |

Rs. in lakhs

**52** During the previous year, the Company had made a contribution of Rs.160.00 lakhs to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. However, there were no such contribution made during the current year.

**53** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

## For FY 2016-17:

### 40. Contingent liabilities and commitments (to the extent not provided for)

**Rs. in Lakhs**

| | As at March 31 | |
|---|---|---|
| | **March 2017** | **March 2016** |
| i) Contingent liabilities | | |
| a) Demand against the Company not acknowledged as debts - | | |
| - Income tax | 5247.71 | 3835.66 |
| - Value Added Tax (VAT) | 684.93 | 191.98 |
| - Service tax | 5541.95 | 5,283.34 |
| b) Corporate guarantees towards assignment transactions | - | 15331.13 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions | 21037.84 | 17196.42 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 4328.62 | 3373.92 |
| | 36841.05 | 45212.45 |
| ii) Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account | 469.77 | 274.82 |
| | 469.77 | 274.82 |
| **Total** | **37310.82** | **45487.27** |

### 41. MICRO AND SMALL ENTERPRISES :

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

**Rs. in Lakhs**

| | For the year ended March 31 | |
|---|---|---|
| | **2017** | **2016** |
| a) Principal amount due and remaining unpaid to suppliers as at the year end | - | - |
| b) Interest accrued and due to suppliers on the above amount as at the year end | - | - |
| c) Interest paid to suppliers in terms of Section 16 of the MSMED Act | - | - |
| d) Payment made to suppliers (other than interest) beyond the appointed day, during the year | - | - |

| | | |
|---|---|---|
| e) Interest paid to suppliers (other than Section 16 of the MSMED Act) | - | - |
| f) Interest due and payable to suppliers for payments already made (for the period of delay, if any) | - | - |
| g) Interest accrued and remaining unpaid at the year end | - | - |
| h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | - | - |

## 42. Secured long-term borrowings

### i) Secured non-convertible debentures

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 9.00% | 189200.00 | - | 189200.00 |
| Maturing between 3 years to 5 years | 7.50% - 8.90% | 132780.00 | - | 132780.00 |
| Maturing between 1 year to 3 years | 7.43% - 10.25% | 855350.00 | - | 855350.00 |
| Maturing within 1 year | 7.38% - 9.45% | - | 243380.00 | 243380.00 |
| **Total Face Value** | | **1177330.00** | **243380.00** | **1420710.00** |
| Less : Unamortised discounting charges | | 4130.93 | 1817.47 | 5748.40 |
| | | | | |
| **Total redemption value , net of unamortised discounting charges** | | **1173199.07** | **241762.53** | **1414961.60** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 9.00% | 189200.00 | - | 189200.00 |
| Maturing between 3 years to 5 years | 8.48% - 9.45% | 201950.00 | - | 201950.00 |
| Maturing between 1 year to 3 years | 8.48% - 10.25% | 339240.00 | - | 339240.00 |
| Maturing within 1 year | 8.57% - 10.20% | - | 234470.00 | 234470.00 |
| **Total Face Value** | | **730390.00** | **234470.00** | **964860.00** |
| Less : Unamortised discounting charges | | 4084.74 | 1572.03 | 1572.03 |
| **Total redemption value , net of unamortised discounting charges** | | **726305.26** | **232897.97** | **963287.97** |

**ii) Secured term loans from banks**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.05% - 8.55% | 74000.00 | | 74000.00 |
| Maturing within 1 year | 8.55% - 9.70% | - | 35000.00 | 35000.00 |
| **Total for repayable on maturity** | | **74000.00** | **35000.00** | **109000.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 8.15% - 8.90% | 15000.00 | | 15000.00 |
| Maturing between 1 year to 3 years | 8.15% - 9.35% | 76130.95 | | 76130.95 |
| Maturing within 1 year | 8.15% - 9.65% | - | 85476.19 | 85476.19 |
| **Total** | | **91130.95** | **85476.19** | **176607.14** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 8.30%- 9.05% | 25000.00 | | 25000.00 |
| Maturing between 1 year to 3 years | 8.30% - 9.70% | 117666.67 | | 117666.67 |
| Maturing within 1 year | 8.50% - 9.70% | - | 74333.33 | 74333.33 |
| **Total** | | **142666.67** | **74333.33** | **217000.00** |
| **iii) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 9.30%-9.70% | 36666.67 | | 36666.67 |
| Maturing between 1 year to 3 years | 8.45%-9.70% | 141667.00 | | 141667.00 |
| Maturing within 1 year | 8.45%-9.70% | - | 48333.33 | 48333.33 |
| **Total** | | **178333.67** | **48333.33** | **226667.00** |
| **Total for repayable in installments** | | **412131.28** | **208142.86** | **620274.14** |
| **TOTAL ( 1+2 )** | | **486131.28** | **243142.86** | **729274.14** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | | | | |
| Maturing between 1 year to 3 years | 9.65% - 9.75% | 35000.00 | | 35000.00 |
| Maturing within 1 year | 9.50% - 9.95% | - | 127500.00 | 127500.00 |
| **Total for repayable on maturity** | | **35000.00** | **127500.00** | **162500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | 9.00% - 9.30% | 15892.86 | | 15892.86 |

| | | | | |
|---|---|---|---|---|
| Maturing between 1 year to 3 years | 9.30% - 9.65% | 100714.29 | | 100714.29 |
| Maturing within 1 year | 9.30% - 9.70% | - | 61907.14 | 61907.14 |
| **Total** | | **116607.14** | **61907.14** | **178514.29** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 9.00% - 9.45% | 50000.00 | | 50000.00 |
| Maturing between 1 year to 3 years | 9.65% - 9.75% | 106000.00 | | 106000.00 |
| Maturing within 1 year | 9.65% - 9.75% | - | 107000.00 | 107000.00 |
| **Total** | | **156000.00** | **107000.00** | **263000.00** |
| **iii) Yearly -** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | 9.65%-9.70% | 75833.33 | | 75833.33 |
| Maturing between 1 year to 3 years | 9.35%-9.70% | 150833.33 | | 150833.33 |
| Maturing within 1 year | 9.65%-9.70% | - | 45833.33 | 45833.33 |
| **Total** | | **226666.67** | **45833.33** | **272500.00** |
| **Total for repayable in installments** | | **499273.81** | **214740.48** | **714014.29** |
| **TOTAL ( 1+2 )** | | **534273.81** | **342240.48** | **876514.29** |

**iii) Foreign currency loans from banks**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 47460.87 | | 47460.87 |
| Maturing within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 52099.08 | 52099.08 |
| **TOTAL** | | **47460.87** | **52099.08** | **99559.95** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | LIBOR plus spread 1.07% - 2.20% | 53227.83 | - | 53227.83 |
| Maturing within 1 year | LIBOR plus spread 1.07% - 2.20% | - | 26932.51 | 26932.51 |
| **TOTAL** | | **53227.83** | **26932.51** | **80160.34** |

## 43. Unsecured borrowings

### i) Subordinated debts (long-term)

**As at March 31, 2017**

**- Issued on private placement basis:**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 10.15% | 58,780.00 | - | 58,780.00 |
| Maturing between 3 years to 5 years | 9.50% - 10.50% | 37,270.00 | - | 37,270.00 |
| Maturing between 1 year to 3 years | 9.85% - 11.75% | 15,480.00 | - | 15,480.00 |
| Maturing within 1 year | 10.50% - 12.00% | - | 6,880.00 | 6,880.00 |
| **Sub-total (i)** | | **111,530.00** | **6,880.00** | **118,410.00** |

**- Issued to retail investors through public issue:**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.44% - 9.00% | 94,534.22 | - | 94,534.22 |
| Maturing between 3 years to 5 years | 8.34% - 8.70% | 5,465.78 | - | 5,465.78 |
| **Sub-total (ii)** | | **100,000.00** | **-** | **100,000.00** |
| **TOTAL (i+ii)** | | **211,530.00** | **6,880.00** | **218,410.00** |

**As at March 31, 2016**

**- Issued on private placement basis:**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 10.50% | 68,830.00 | - | 68,830.00 |
| Maturing between 3 years to 5 years | 9.50% - 10.02% | 41,720.00 | - | 41,720.00 |
| Maturing between 1 year to 3 years | 10.50% - 12.00% | 7,860.00 | - | 7,860.00 |
| **Sub-total (i)** | | **118,410.00** | **-** | **118,410.00** |

**- Issued to retail investors through public issue :**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | - | - | - | - |
| **Sub-total (ii)** | | **-** | **-** | **-** |
| **TOTAL (i+ii)** | | **118,410.00** | **-** | **118,410.00** |

**ii) Unsecured term loans from banks**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-term | (b) Long-term | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 7.50% - 8.00% | 7,400.00 | - | 7,400.00 |
| **TOTAL** | | **7,400.00** | **-** | **7,400.00** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 9.5%-10% | - | 10,000.00 | 10,000.00 |
| **TOTAL** | | **-** | **10,000.00** | **10,000.00** |

**iii) Inter-corporate deposits (ICDs)**

**As at March 31, 2017**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short Term | Long Term (b) Non-current | Long Term (c) Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 6.50% -7.50% | 55200.00 | - | - | 55200.00 |
| **TOTAL** | | **55200.00** | **-** | **-** | **55200.00** |

**As at March 31, 2016**

**Rs.in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short Term | Long Term (b) Non-current | Long Term (c) Current Maturities | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 8.45% - 9.05% | 30925.00 | - | - | 30925.00 |
| **TOTAL** | | **30925.00** | **-** | **-** | **30925.00** |

**iv) Fixed deposits**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | (b) Non-current | (c) Current Maturities | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 7.35% - 10.10% | - | 31,748.40 | - | 31,748.40 |
| Maturing between 1 year to 3 years | 7.35% - 10.10% | - | 191,170.45 | - | 191,170.45 |
| Maturing within 1 year | 7.30% - 10.60% | 25,686.71 | - | 189,690.58 | 215,377.29 |
| **TOTAL** | | **25,686.71** | **222,918.85** | **189,690.58** | **438,296.14** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current Maturities | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.20% - 10.10% | - | 15,832.63 | - | 15,832.63 |
| b) Maturing between 1 year to 3 years | 8.20% - 10.60% | - | 281,033.37 | - | 281,033.37 |
| c) Maturing within 1 year | 7.90% - 10.60% | 17,829.68 | - | 163,730.66 | 181,560.34 |
| **TOTAL** | | **17,829.68** | **296,866.01** | **163,730.66** | **478,426.35** |

**44. Short – term borrowings**

**i) Secured term loans from banks and cash credit facilities**

**As at March 31, 2017**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 7.90% -12.35% | 132690.05 |
| **TOTAL** | | **132690.05** |

**As at March 31, 2016**

**Rs. in Lakhs**

| From the Balance Sheet date | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.50% -12.15% | 109934.60 |
| **TOTAL** | | **109934.60** |

**ii) Commercial papers**

**As at March 31, 2017 :**

**Rs. in Lakhs**

| **From the Balance Sheet date** | **Rate range** | **Current** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 6.65% - 7.31% | 365,500.00 |
| Less : Unamortized discounting charges | | 7455.19 |
| **Total redemption value, net of unamortized discounting charges** | | **3,58,044.81** |

**As at March 31, 2016 :**

**Rs. in Lakhs**

| **From the Balance Sheet date** | **Rate range** | **Current** |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.09% - 9.20% | 276,000.00 |
| Less : Unamortized discounting charges | | 4795.68 |
| **Total redemption value, net of unamortized discounting charges** | | **271,204.32** |

**45. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

**Rs. in Lakhs**

| **Sr No.** | **Particulars** | **As at March 31 2017** | | **2016** | |
|---|---|---|---|---|---|
| | Liabilities side | | | | |
| ( 1 ) | Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid : | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | ( a ) Debentures : Secured | 1503137.31 | - | 1012166.76 | - |
| | ( b ) Deferred Credits | - | - | - | - |
| | ( c ) Term Loans | 807909.69 | - | 915559.66 | - |
| | ( d ) Inter-corporate loans and Other Borrowings | 55632.72 | - | 31049.56 | - |
| | ( e ) Commercial Paper | 365,500.00 | - | 276,000.00 | - |
| | ( f ) Public Deposits | 421571.95 | - | 466215.66 | - |
| | ( g ) Fixed Deposits accepted from Corporates | 48898.50 | - | 47460.23 | - |
| | ( h ) FCNR Loans | 99654.21 | - | 80287.64 | - |
| | ( i ) Subordinate debt (including NCDs issued through Public issue) | 231130.30 | - | 124089.84 | - |
| | ( j ) Other Short Term Loans and credit facilities from banks | 62090.05 | - | 81834.60 | - |
| ( 2 ) | Break-up of ( 1 ) ( f ) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) : | | | | |
| | ( a ) In the form of Unsecured debentures | - | - | - | - |
| | ( b ) In the form of partly secured debentures i.e.,debentures | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | where there is a shortfall in the value of security | | | | |
| | ( c ) Other public deposits | 421571.95 | - | 466215.66 | - |
| | | | | | |
| | **Asset side:** | | | | |
| | | Amount outstanding | | Amount outstanding | |
| ( 3 ) | Break-up of Loans and Advances including bills receivables [ other than those included in (4) below ] : | | | | |
| | ( a ) Secured | 20085.18 | | 26162.10 | |
| | ( b ) Unsecured | 187119.57 | | 169101.15 | |
| ( 4 ) | Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities : | | | | |
| | ( i ) Lease assets including lease rentals under sundry debtors : | | | | |
| | ( a ) Financial lease | - | | - | |
| | ( b ) Operating lease | - | | - | |
| | ( ii ) Stock on hire including hire charges under sundry debtors : | | | | |
| | ( a ) Assets on hire | - | | - | |
| | ( b ) Repossessed Assets | - | | - | |
| | ( iii ) Other loans counting towards AFC activities : | | | | |
| | ( a ) Loans where assets have been repossessed | 15278.93 | | 5951.34 | |
| | ( b ) Loans other than ( a ) above | 3819078.69 | | 3304801.42 | |
| ( 5 ) | Break-up of Investments : | | | | |
| | Current Investments : | | | | |
| | 1. Quoted : | | | | |
| | ( i ) Shares : ( a ) Equity | - | | - | |
| | ( b ) Preference | - | | - | |
| | ( ii ) Debentures and Bonds | 7,775.01 | | 9,279.17 | |
| | ( iii ) Units of mutual funds | 27,500.00 | | - | |
| | ( iv ) Government Securities | - | | - | |
| | ( v ) Investments in Certificate of Deposits with Banks | - | | - | |

| | | | |
|---|---|---|---|
| | 2. Unquoted : | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | ( ii ) Debentures and Bonds | - | - |
| | ( iii ) Units of mutual funds | - | - |
| | ( iv ) Government Securities | - | - |
| | ( v ) Certificate of Deposits with Banks | - | 24821.50 |
| | ( vi ) Commercial Papers | 22500.00 | 15000.00 |
| | Long Term Investments : | | |
| | 1. Quoted : | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | ( ii ) Debentures and Bonds | 8975.00 | 2000.01 |
| | ( iii ) Units of mutual funds | 200.00 | - |
| | ( iv ) Government Securities | 70418.03 | 63220.81 |
| | 2. Unquoted : | | |
| | ( i ) Shares : ( a ) Equity | 50880.36 | 33312.57 |
| | ( b ) Preference | - | - |
| | ( ii ) Debentures and Bonds | 700.00 | 700.00 |
| | ( iii ) Units of mutual funds | - | - |
| | ( iv ) Government Securities | - | - |

6) **Borrower group-wise classification assets financed as in (3) and (4) above :**

| Category | March 2017 | | | March 2016 | | |
|---|---|---|---|---|---|---|
| | Amount net of provisions | | | Amount net of provisions | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | | | | | | |
| ( a ) Subsidiaries | - | - | - | - | 5189.14 | 5189.14 |
| ( b ) Companies in the same group | 2,114.46 | - | 2114.46 | 1,870.04 | - | 1870.04 |
| ( c ) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | 3852328.34 | 187119.57 | 4039447.91 | 3335044.82 | 163912.01 | 3498956.83 |
| *Total* | 3854442.80 | 187119.57 | 4041562.37 | 3336914.86 | 169101.15 | 3506016.01 |

**7) Investor group-wise classification of all investments (current and long term) in shares and securities ( both quoted and unquoted ) :**

| | March 2017 | | March 2016 | |
|---|---|---|---|---|
| Category | Market Value/ Brak up or fair value or NAV | Book Value (Net of Provisions) | Market Value/ Brak up or fair value or NAV | Book Value (Net of provisions) |
| 1. Related Parties | | | | |
| (a) Subsidiaries | 33150.20 | 33150.20 | 18695.20 | 18695.20 |
| (b) Companies in the same group | 18430.16 | 18430.16 | 15317.37 | 15317.37 |
| ( c ) Other related parties | - | - | - | - |
| 2. Other than related parties | 142582.79 | 109668.04 | 117028.83 | 114321.49 |
| *Total* | 194,163.15 | 161,248.40 | 151,041.40 | 148,334.06 |

**8) Other information :**

| | | March 2017 | | March 2016 |
|---|---|---|---|---|
| Particulars | | Amount | | Amount |
| ( i ) | Gross Non-Performing Assets : | | | |
| | *( a ) Related parties* | - | | - |
| | *( b ) Other than related parties* | 418266.41 | | 322416.98 |
| ( ii ) | | | | |
| | Net Non-Performing Assets : | | | |
| | *( a ) Related parties* | - | | - |
| | *( b ) Other than related parties* | 159967.91 | | 123511.37 |
| ( iii ) | | | | |
| | Assets acquired in satisfaction of debt : | - | | - |
| | | | | |

**46. Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

**I) Capital**

**As at March 31**

| **Particulars** | | **2017** | **2016** |
|---|---|---|---|
| i) | CRAR (%) # | 17.2% | 17.3% |
| ii) | CRAR-Tier I Capital (%) | 12.8% | 14.6% |
| iii) | CRAR-Tier II Capital (%) | 4.4% | 2.7% |
| iv) | Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs) | 100000.00 | 17500.00 |
| v) | Amount raised by issue of Perpetual Debt Instruments | - | - |

# In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at March 31, 2017. However, the proposed dividend of Rs.27126.87 Lakhs was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has adjusted the amount of proposed dividend amounting to Rs.16097.30 Lakhs including dividend distribution tax for the current financial year determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

**II) Investments**

**Rs. in Lakhs**

| | | As at March 31 | |
|---|---|---|---|
| **Particulars** | | **2017** | **2016** |
| 1) | Value of Investments | | |
| | (i) Gross Value of Investments | | |
| | (a) In India | 170519.24 | 133016.74 |
| | (b) Outside India | 18429.16 | 15317.32 |
| | (ii) Provisions for Depreciation | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | (iii) Net Value of Investments | | |
| | (a) In India | 170519.24 | 133016.74 |
| | (b) Outside India | 18429.16 | 15317.32 |
| 2) | Movement of provisions held towards depreciation on investments. | | |
| | (i) Opening balance | - | - |
| | (ii) Add : Provisions made during the year | - | - |
| | (iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| | (iv) Closing balance | - | - |

**III) Derivatives**

**a) Forward Rate Agreement / Interest Rate Swap**

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

**b) Exchange Traded Interest Rate (IR) Derivatives**

The Company is not carrying out any activity of providing Derivative cover to third parties

**c) Disclosures on Risk Exposure in Derivatives**

**Qualitative Disclosures –**

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions

**Quantitative Disclosures –**

**d) FCNR(B) Loans Availed:**

**Rs. in Lakhs**

| | | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|---|
| S No. | **Particulars** | **Currency Derivatives** | **Interest Rate Derivatives** | **Currency Derivatives** | **Interest Rate Derivatives** |
| (i) | Derivatives (Notional Principal Amount) | 102592.50 | | 78987.00 | |
| | For hedging | | | | |
| (ii) | Marked to Market Positions [1] | | | | |
| | (a) Asset (+) Estimated gain | - | - | 1657.21 | - |
| | (b) Liability (-) Estimated loss | (618.23) | (2.44) | | (105.80) |
| (iii) | Credit Exposure [2] | - | - | - | - |
| (iv) | Unhedged Exposures | - | - | - | - |

## IV) Disclosures relating to Securitisation

### a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lakhs**

| S No. | Particulars | As at March 31 2017 | 2016 |
|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 17 | 16 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 81804.49 | 136825.69 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss- Credit enhancement in form of corporate undertaking | 21037.84 | 17196.42 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss- Cash collateral term deposits with banks | 16958.00 | 20038.00 |
| | Others- Retained interest in pass through certificates (excluding accrued interest) | 151.77 | 472.12 |
| 4 | Amount of exposures to securitisation transactions other than MRR | - | - |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | | |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others Excess Interest Spread | 21053.50 | 27856.85 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others- Cash collateral term deposits with banks | 1856.00 | 1856.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

During the current year and the previous year the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

**c) Details of Assignment transactions undertaken by NBFCs (During the year)**

**Rs. in Lakhs**

| | | Year ended March 31 | |
|---|---|---|---|
| | | **2017** | **2016** |
| (i) | No. of accounts | - | - |
| (ii) | Aggregate value (net of provisions) of accounts sold | - | - |
| (iii) | Aggregate consideration | - | - |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) | Aggregate gain / loss over net book value | - | - |

**d) Details of non-performing financial assets purchased / sold**

**i) Details of non-performing financial assets purchased:**

During the current year and the previous year the Company has not purchased any non -performing financial assets.

**ii) Details of Non-performing Financial Assets sold:**

During the current year and the previous year the Company has not sold any non - performing financial assets.

**V) Exposures**

**a) Exposure to Real Estate Sector**

During the current year and the previous the Company has no Exposure to Real estate Sector.

**b) Exposure to Capital Market**

During the current year and the previous year the Company has no Exposure to Capital Market.

**c) Details of financing of parent company products**

Of the total financing activity undertaken by the Company during the financial year 2016-17, 47% (March 31, 2016: 45%) of the financing was towards parent company products.

**d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**e) Unsecured Advances**

During the current year, the Company has granted unsecured advances of Rs. 187344.21 Lakhs (March 31, 2016: Rs.167916.29 Lakhs).

**VI) Miscellaneous**

**a) Registration obtained from other financial sector regulators**

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

**b) Disclosure of Penalties imposed by RBI and other regulators**

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

**c) Related Party Transactions**

(refer note no.39)

**d) Rating assigned by credit rating agencies and migration of ratings during the year**

**Credit Rating -**

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

**VII) Net Profit of Loss for the period ,prior period items and change in accounting policies**

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

**VIII) Revenue Recognition**

(Refer note no. 3 under Summary of Significant Accounting Policies)

**IX) Accounting Standard 21- Consolidated Financial Statements (CFS)**

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21

Refer consolidated financial statements (CFS)

**Additional Disclosures :**

**X) Provisions and Contingencies**

**Rs. in Lakhs**

| | Year ended March 31 | |
|---|---|---|
| **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account** | **2017** | **2016** |
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | 44233.45 | 52596.10 |
| Provision made towards Income tax | 36350.00 | 53560.00 |
| Other Provision and Contingencies (with details) | - | - |
| Provision for diminution in the fair value of restructured advances | (0.94) | 0.64 |
| Provision for Standard Assets | 2180.00 | 1353.00 |

**Draw Down from Reserves**

**Year ended March 31, 2017 : Nil**

**Year ended March 31, 2016 : : Nil**

**XI) Concentration of Deposits, Advances, Exposures and NPAs**

**a) Concentration of Deposits (for deposit taking NBFCs)**

**Rs. in Lakhs**

| | As at March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Total Deposits of twenty largest depositors | 47232.85 | 44718.44 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC | 10.0% | 8.7% |

**b) Concentration of Advances**

**Rs. in Lakhs**

| | As at March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Total Advances to twenty largest borrowers | 122204.95 | 80359.22 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 2.9% | 2.2% |

**c) Concentration of Exposures**

**Rs. in Lakhs**

| | As at March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Total Exposure to twenty largest borrowers / customers | 122204.95 | 80359.22 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 2.9% | 2.2% |

**d) Concentration of NPAs**

**Rs. in Lakhs**

| | As at March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Total Exposure to top four NPA accounts | 6122.71 | 7411.47 |

e) **Sector-wise NPAs**

| **S No.** | **Sector** | **Percentage of NPAs to Total Advances in that sector** | **Percentage of NPAs to Total Advances in that sector** |
|---|---|---|---|
| | | **As at March 31, 2017** | **As at March 31, 2016** |
| 1 | Agriculture & allied activities/Auto | 10.4% | 9.2% |
| 2 | MSME/Corporate borrowers | 4.4% | 4.2% |
| 3 | Unsecured personal loans | 17.9% | 10.3% |
| 4 | Other loans | - | 0.7% |
| 5 | Services | - | - |

**f) Movement of NPAs**

**Rs. in Lakhs**

**As at /Year ended March 31**

| **Particulars** | | **2017** | **2016** |
|---|---|---|---|
| (i) | Net NPAs to Net Advances (%) | 4.0% | 3.5% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 322416.98 | 209972.20 |
| | (b) Additions during the year | 241101.36 | 213047.58 |
| | (c)Reductions during the year | 145251.93 | 100602.80 |
| | (d)Closing balance | **418266.41** | **322416.98** |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 123511.37 | 81820.64 |
| | (b) Additions during the year | 100324.29 | 91707.63 |
| | (c) Reductions during the year | 63867.75 | 50016.90 |
| | (d)Closing balance | **159967.91** | **123511.37** |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | (a) Opening balance | 149213.18 | 96617.08 |
| | (b)Provisions made during the year | 104248.99 | 91439.33 |
| | (c)Write-off / write-back of excess provisions | 60015.54 | 38843.23 |
| | (d)Closing balance | **193446.63** | **149213.18** |

**XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

**Rs. in Lakhs**

| Name of the Joint Venture/ Subsidiary | Other Partner in the JV | Country | Total Assets as at March 31, 2017 | Total Assets as at March 31, 2016 |
|---|---|---|---|---|
| Mahindra Finance USA, LLC | De Lage Landen Financial Services | USA | 297,127.58 | 243,751.58 |

**XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

| **Name of the SPV sponsored** | |
|---|---|
| **Domestic** | **Overseas** |
| NA | NA |

**XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

**As at March 31, 2017**

**Rs. in Lakhs**

| | 1 to 30/31 days (one month) | Over one month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to one year | Over one year to 3 years | Over 3 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 17433.22 | 17319.05 | 21467.65 | 68664.62 | 90771.50 | 191168.19 | 31748.25 | - | 438572.48 |
| Advances | 299238.93 | 170423.06 | 164879.04 | 403218.09 | 675874.67 | 1751899.76 | 392398.33 | 1336.61 | 3859268.49 |
| Reserves & surplus | - | - | - | - | - | - | - | 636423.64 | 636423.64 |
| Investments | 27700.00 | - | - | - | 22500.00 | 4193.09 | 21001.32 | 113553.99 | 188948.40 |
| Borrowings | 76935.02 | 190000.00 | 63187.14 | 301157.14 | 313383.57 | 1412984.67 | 252182.45 | 342514.78 | 2952344.77 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | 4863.75 | 14741.65 | 4863.75 | - | 27629.93 | 47460.87 | - | - | 99559.95 |

**XV) Disclosure of Complaints**

**Customer Complaints**

| | |
|---|---|
| (a) No. of complaints pending at the beginning of the year | 5 |
| (b) No. of complaints received during the year | 93 |
| (c) No. of complaints redressed during the year | 96 |
| (a) No. of complaints pending at the end of the year | 2 |

**47.** During the year, the Company has incurred an expenditure of Rs.2905.66 Lakhs (March 31, 2016 : Rs. 2791.69 Lakhs) towards Corporate Social Responsibility activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.141.87 Lakhs (March 31, 2016 : Rs. 114.26 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 28).

**48. Disclosure on restructured advances :**

During the year ended March 31, 2015, the Company had restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan. The movement of the same is provided here below.

**Rs. in Lakhs**

| | **Type of Restructuring** | | **Others** | | | | |
|---|---|---|---|---|---|---|---|
| Sr. No. | Asset Classification | | Standard | Substandard | Doubtful | Loss | Total |
| | Details | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of Borrowers | 1 | - | - | - | 1 |
| | | Amount Outstanding | 446.15 | - | - | - | 446.15 |
| | | Provision thereon # | 32.51 | - | - | - | 32.51 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | Fresh Restructuring during the year | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 3 | Up-gradations to restructured standard category during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 4 | Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 5 | Down gradations of restructured accounts during the FY | No. of Borrowers | (1) | - | 1 | - | 1 |
| | | Amount Outstanding | (446.15) | - | 446.15 | - | - |
| | | Provision thereon | (32.51) | - | 254.65 | - | 222.14 |
| 6 | Write-offs of restructured accounts during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| 7 | Restructured Accounts as on March 31 of the FY (Closing Figures) | No. of Borrowers | - | - | 1 | - | 1 |
| | | Amount Outstanding | - | - | 446.15 | - | 446.15 |
| | | Provision thereon # | - | - | 254.65 | - | 254.65 |

Note: Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

# Represents higher provisioning, provision for diminution in fair value and additional provision on downgrade of Rs. 254.65 Lakhs (March 31,2016: Rs. 32.51 Lakhs).

**49.** During the year, the Company had made a contribution of Rs.160.00 Lakhs (March 31, 2016 : Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution is as per the provisions of section 182 of the Companies Act, 2013.

**50.** During the year, the Department of Sales Tax in the State of Maharashtra has initiated an investigation proceeding against the Company under Section 64 of the Maharashtra Value Added Tax Act, 2002, in relation to the taxability of sale of vehicles on behalf of the Company's customers from fiscal year 2011 to the period ended October 30, 2016. The Company has made payment of Rs. 2935.92 Lakhs under protest. The company has received a demand notice for fiscal year 2011 for Rs 492.95 Lakhs which has been shown

under contingent liability, however the demand notice from fiscal 2012 is yet to be received from the department.

**51.** Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details.

**Rs. in Lakhs**

| | **SBNs** | **Other Denomination notes** | **Total** |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | **3336.73** | **263.81** | **3600.54** |
| Add : Permitted Receipts # | 10.78 | 81369.76 | 81380.54 |
| Less : Permitted Payments | - | 12.65 | 12.65 |
| Less : Amount deposited in Banks | 3347.51 | 79176.19 | 82523.70 |
| **Closing cash in hand as on December 30, 2016** | **-** | **2444.73** | **2444.73** |

# includes non-permitted receipts of SBNs aggregating to Rs.10.78 Lakhs received from customers and directly deposited by customers into Company's bank accounts from November 9, 2016 to November 11, 2016.

**52. Changes in provisions**

**Rs. in Lakhs**

| | **As at April 1, 2016** | **Additional Provisions** | **Utilizations/ Reversals** | **As at March 31, 2017** |
|---|---|---|---|---|
| Provision for Standard assets | 14035.00 | 2180.00 | - | 16215.00 |
| Provision for Non-performing assets | 149213.18 | 100239.51 | 56006.05 | 193446.63 |

53. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

54. During the year, the Company has raised an amount of Rs.1,00,000.00 Lakhs by way of Public Issuance Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016. The proceeds of the issue - have been used for the purposes as stated in its 'Placement Document'. The NCDs issue expenses of Rs. 1653.42 Lakhs has been adjusted against securities premium reserve.

    In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 2649.86 Lakhs out of the profits available for payment of dividend to Debenture Redemption Reserve (DRR) on a prorata basis to create adequate DRR over the tenor of the debentures

55. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

56. **Managerial remuneration to Directors included in the Statement of profit and loss**

**Rs. in Lakhs**

| | Year ended March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Salary and perquisites | 848.11 | 564.08 |
| Sitting fees and commission | 275.72 | 294.55 |
| Total | **1123.83** | **858.63** |

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

**57.** Previous year figures have been regrouped / reclassified wherever found necessary.

## For FY 2015-16:

### 40. Contingent liabilities and commitments (to the extent not provided for)

Rs. in Lacs

| | As at March 31 | |
|---|---|---|
| | 2016 | 2015 |
| i) Contingent liabilities | | |
| a) Demand against the Company not acknowledged as debts - | | |
| - Income tax | 3835.66 | 4379.05 |
| - Value Added Tax (VAT) | 191.98 | 191.98 |
| - Service tax | 5283.34 | - |
| b) Corporate guarantees towards assignment transactions | 15331.13 | 31338.63 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 46 (IV)) | 17196.42 | 8307.81 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 3373.92 | 3110.83 |
| | 45212.45 | 47328.30 |
| ii) Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account | 274.82 | 554.84 |
| | 274.82 | 554.84 |
| **Total** | **45487.27** | **47883.14** |

**41.** Disclosure of trade payables to Micro, Small and Medium Enterprises under Current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on March 31, 2016 to Micro, Small and Medium Enterprises on account of principle amount aggregate to Rs. Nil (March 31, 2015: Rs. Nil) [including overdue amount of Rs. Nil (March 31, 2015: Rs. Nil)] and interest due thereon is Rs. Nil (March 31, 2015: Rs. Nil) and interest paid during the year Rs. Nil (March 31, 2015: Rs. Nil).

### 42. Secured long-term borrowings

#### iv) Secured non-convertible debentures

**As at March 31, 2016**

Rs. in Lacs

| Particulars | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 9.00% | 189200.00 | - | 189200.00 |
| Maturing between 3 years to 5 years | 8.48% - 9.45% | 201950.00 | - | 201950.00 |
| Maturing between 1 year to 3 years | 8.48% - 10.25% | 339240.00 | - | 339240.00 |
| Maturing within 1 year | 8.57% - 10.20% | - | 234470.00 | 234470.00 |
| **Total Face Value** | | **730390.00** | **234470.00** | **964860.00** |

| | | | | |
|---|---|---|---|---|
| Less : Unamortised discounting charges | | 4084.74 | 1572.03 | 1572.03 |
| | | | | |
| Total redemption value , net of unamortised discounting charges | | 726305.26 | 232897.97 | 963287.97 |

**As at March 31, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 8.95% | 53000.00 | - | 53000.00 |
| Maturing between 3 years to 5 years | 8.65% - 10.25% | 122760.00 | - | 122760.00 |
| Maturing between 1 year to 3 years | 8.65% - 10.20% | 181280.00 | - | 181280.00 |
| Maturing within 1 year | 8.60% - 9.95% | - | 152270.00 | 152270.00 |
| **Total Face Value** | | **357040.00** | **152270.00** | **509310.00** |
| Less : Unamortised discounting charges | | 5169.00 | 196.14 | 5365.13 |
| **Total redemption value, net of unamortized discounting charges** | | **351871.00** | **152073.86** | **503944.87** |

### v) Secured term loans from banks

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | | | | |
| Maturing between 1 year to 3 years | 9.65% - 9.75% | 35000.00 | | 35000.00 |
| Maturing within 1 year | 9.50% - 9.95% | - | 127500.00 | 127500.00 |
| **Total for repayable on maturity** | | **35000.00** | **127500.00** | **162500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Quarterly -** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | 9.30% | 15892.86 | | 15892.86 |
| Maturing between 1 year to 3 years | 9.30% - 9.65% | 100714.29 | | 100714.29 |
| Maturing within 1 year | 9.30% - 9.70% | - | 61907.14 | 61907.14 |
| **Total** | | **116607.14** | **61907.14** | **178514.29** |
| **ii) Half yearly -** | | | | |
| Maturing beyond 3 years to 5 years | 9.45% | 50000.00 | | 50000.00 |
| Maturing between 1 year to 3 years | 9.65% - 9.75% | 106000.00 | | 106000.00 |
| Maturing within 1 year | 9.65% - 9.75% | - | 107000.00 | 107000.00 |
| **Total** | | **156000.00** | **107000.00** | **263000.00** |

| | | | | |
|---|---|---|---|---|
| **iii) Yearly -** | | | | |
| Maturing beyond 5 years | - | - | - | - |
| Maturing between 3 years to 5 years | 9.65%-9.70% | 75833.33 | | 75833.33 |
| Maturing between 1 year to 3 years | 9.35%-9.70% | 150833.33 | | 150833.33 |
| Maturing within 1 year | 9.65%-9.70% | - | 45833.33 | 45833.33 |
| **Total** | | **226666.67** | **45833.33** | **272500.00** |
| **Total for repayable in installments** | | **499273.81** | **214740.48** | **714014.29** |
| **TOTAL ( 1+2 )** | | **534273.81** | **342240.48** | **876514.29** |

**As at March 31, 2015**

**Rs. in Lacs**

| | **Rate range** | **(a) Non-current** | **(b) Current Maturities** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 9.70% - 10.25% | 192500.00 | | 192500.00 |
| Maturing within 1 year | 9.45% - 10.40% | - | 127000.00 | 127000.00 |
| **Total for repayable on maturity** | | **192500.00** | **127000.00** | **319500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly** | | | | |
| Maturing within 1 year | 10.25% | - | 6200.00 | 6200.00 |
| **Total** | | **-** | **6200.00** | **6200.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 10.00% | 1428.57 | | 1428.57 |
| Maturing between 1 year to 3 years | 9.95% - 10.25% | 95835.71 | | 95835.71 |
| Maturing within 1 year | 9.95% - 10.25% | - | 32364.29 | 32364.29 |
| **Total** | | **97264.29** | **32364.29** | **129628.57** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years | 10.25% | 15000.00 | | 15000.00 |
| Maturing between 1 year to 3 years | 10.00%-10.25% | 214666.67 | | 214666.67 |
| Maturing within 1 year | 10.00%-10.25% | - | 162666.67 | 162666.67 |
| **Total** | | **229666.67** | **162666.67** | **392333.33** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 10.20% - 10.25% | 43333.33 | | 43333.33 |
| Maturing between 1 year to 3 years | 10.20% - 10.25% | 104166.67 | | 104166.67 |
| Maturing within 1 year | 10.25% | - | 7500.00 | 7500.00 |
| **Total** | | **147500.00** | **7500.00** | **155000.00** |
| **Total for repayable in installments** | | **474430.95** | **208730.95** | **683161.90** |
| **TOTAL ( 1+2 )** | | **666930.95** | **335730.95** | **1002661.90** |

### vi) Foreign currency loans from banks

**As at March 31, 2016**

Rs. in Lacs

| Particulars | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.69% - 9.97% | 53227.83 | - | 53227.83 |
| Maturing within 1 year | 9.16% - 9.33% | - | 26932.51 | 26932.51 |
| **TOTAL** | | **53227.83** | **26932.51** | **80160.34** |

**As at March 31, 2015**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.95% | 12500.00 | - | 12500.00 |
| Maturing within 1 year | 9.05% - 9.98% | - | 42044.47 | 42044.47 |
| **TOTAL** | | **12500.00** | **42044.47** | **54544.47** |

## 43. Unsecured borrowings

### ii) Subordinated debts (long-term)

**As at March 31, 2016**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.90% - 10.50% | 68,830.00 | - | 68,830.00 |
| Maturing between 3 years to 5 years | 9.50% - 10.02% | 41,720.00 | - | 41,720.00 |
| Maturing between 1 year to 3 years | 10.50% - 12.00% | 7,860.00 | - | 7,860.00 |
| **TOTAL** | | **118,410.00** | **-** | **118,410.00** |

**As at March 31, 2015**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current Maturities | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 9.18% - 10.50% | 78550.00 | - | 78550.00 |
| Maturing between 3 years to 5 years | 9.85% - 11.75% | 15480.00 | - | 15480.00 |
| Maturing between 1 year to 3 years | 10.50% - 12.00% | 6,880.00 | - | 6880.00 |
| **TOTAL** | | **100910.00** | **-** | **100910.00** |

### iii) Unsecured term loans from banks

**As at March 31, 2016 :**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 10.00% | - | 10,000.00 | 10,000.00 |
| **TOTAL** | | **-** | **10,000.00** | **10,000.00** |

**As at March 31, 2015 :**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10000.00 | - | 10000.00 |
| **TOTAL** | | **10000.00** | **-** | **10000.00** |

### iv) Inter-corporate deposits (ICDs)

**As at March 31, 2016**

**Rs.in Lacs**

| | | | Long Term | | |
|---|---|---|---|---|---|
| | Rate range | (a) Short Term | (b) Non-current | (c) Current Maturities | Total |
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 8.45% - 9.05% | 30925.00 | - | - | 30925.00 |
| **TOTAL** | | **30925.00** | **-** | **-** | **30925.00** |

**As at March 31, 2015**

**Rs.in Lacs**

| | | | Long Term | | |
|---|---|---|---|---|---|
| | Rate range | (a) Short Term | (b) Non-current | (c) Current Maturities | Total |
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 9.00% - 9.60% | 850.00 | - | 725.00 | 1575.00 |
| **TOTAL** | | **850.00** | **-** | **725.00** | **1575.00** |

### v) Fixed deposits

**As at March 31, 2016**

Rs. in Lacs

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current Maturities | Total |
|---|---|---|---|---|---|
| a) Maturing beyond 3 years | 8.20% - 10.10% | - | 15,832.63 | - | 15,832.63 |
| b) Maturing between 1 year to 3 years | 8.20% - 10.60% | - | 281,033.37 | - | 281,033.37 |
| c) Maturing within 1 year | 7.90% - 10.60% | 17,829.68 | - | 163,730.66 | 181,560.34 |
| **TOTAL** | | **17,829.68** | **296,866.01** | **163,730.66** | **478,426.35** |

**As at March 31, 2015**

Rs. in Lacs

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current Maturities | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 8.90% - 10.10% | - | 6561.15 | - | 6561.15 |
| Maturing between 1 year to 3 years | 9.15% - 10.60% | - | 324772.68 | - | 324772.68 |
| Maturing within 1 year | 8.40% -10.75% | 6943.06 | - | 129746.50 | 136689.56 |
| **TOTAL** | | **6943.06** | **331333.83** | **129746.50** | **468023.39** |

## 44. Short – term borrowings

### iii) Secured term loans from banks and cash credit facilities

**As at March 31, 2016**

Rs. in Lacs

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.50% -12.15% | 109934.60 |
| **TOTAL** | | **109934.60** |

**As at March 31, 2015**

Rs. in Lacs

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.60% - 14.00% | 131805.33 |
| **TOTAL** | | **131805.33** |

**iv) Commercial papers**

**As at March 31, 2016 :**

**Rs. in Lacs**

| Particulars | Rate range | Current |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.09% - 9.20% | 276000.00 |
| Less : Unamortized discounting charges | | 4795.68 |
| | | |
| **Total redemption value, net of unamortized discounting charges** | | **271204.32** |

**As at March 31, 2015 :**

**Rs. in Lacs**

| | Rate range | Current |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.88% - 9.15% | 347500.00 |
| Less : Unamortized discounting charges | | 5431.44 |
| **Total redemption value, net of unamortized discounting charges** | | **342068.56** |

**45.** Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Rs. in Lacs**

**As at March 31**

| | | 2016 | | 2015 | |
|---|---|---|---|---|---|
| | **Liabilities side** | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | | | | | |
| (1) | **Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :** | | | | |
| | | | | | |
| | ( a ) Debentures : Secured | 1012166.76 | - | 531521.57 | - |
| | : Unsecured | - | - | - | - |
| | (other than falling within the meaning of public deposits) | | | | |
| | ( b ) Deferred Credits | - | - | - | - |
| | ( c ) Term Loans | 915559.66 | - | 1086150.23 | - |
| | ( d ) Inter-corporate loans and Other Borrowings | 31049.56 | - | 1617.69 | - |
| | ( e ) Commercial Paper | 276000.00 | - | 347500.00 | - |
| | ( f ) Public Deposits | 466215.66 | - | 460702.68 | - |

| | | | | | |
|---|---|---|---|---|---|
| | ( g ) Fixed Deposits accepted from Corporates | 47460.23 | - | 38501.41 | - |
| | ( h ) FCNR Loans | 80287.64 | - | 54741.36 | - |
| | ( i ) Subordinate debt | 124089.84 | - | 105738.99 | - |
| | ( j ) Other Short Term Loans and credit facilities from banks | 81834.60 | - | 59105.33 | - |
| | | | | | |
| | | | | | |
| (2) | **Break-up of ( 1 ) ( f ) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :** | | | | |
| | | | | | |
| | ( a ) In the form of Unsecured debentures | - | - | - | - |
| | ( b ) In the form of partly secured debentures i.e.,debentures | - | - | - | - |
| | where there is a shortfall in the value of security | | | | |
| | | | | | |
| | ( c ) Other public deposits | 466215.66 | - | 460702.68 | - |
| | | | | | |

**Rs. in Lacs**

**As at March 31**

| | | **2016** | **2015** |
|---|---|---|---|
| | - | Amount outstanding | Amount outstanding |
| | **Asset side:** | | |
| **( 3 )** | **Break-up of Loans and Advances including bills receivables** | | |
| | [ other than those included in (4) below ] : | | |
| | | | |
| | ( a ) Secured | 47914.91 | 36273.34 |
| | | | |
| | ( b ) Unsecured | 168719.44 | 144202.13 |
| | | | |
| **( 4 )** | **Break up of Leased Assets and stock on hire and** | | |
| | **hypothecation loans counting towards AFC activities :** | | |
| | | | |
| | ( i ) Lease assets including lease rentals under sundry debtors : | | |
| | | | |
| | ( a ) Financial lease | - | - |
| | | | |
| | ( b ) Operating lease | - | - |
| | | | |
| | ( ii ) Stock on hire including hire charges under sundry debtors : | | |
| | | | |
| | ( a ) Assets on hire | - | - |
| | ( b ) Repossessed Assets | - | - |

| | | | |
|---|---|---|---|
| | ( iii ) Other loans counting towards AFC activities : | | |
| | | | |
| | ( a ) Loans where assets have been repossessed | 5951.34 | 7860.00 |
| | | | |
| | ( b ) Loans other than ( a ) above | 3283048.61 | 3001425.74 |
| | | | |
| **( 5 )** | **Break-up of Investments :** | | |
| | | | |
| | Current Investments : | | |
| | | | |
| | 1. Quoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 9279.17 | 7,875.00 |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |
| | ( v ) Investments in Certificate of Deposits with Banks | - | - |
| | | | |
| | 2. Unquoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | - | - |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |
| | ( v ) Certificate of Deposits with Banks | 24821.5 | - |
| | | | |
| | ( vi ) Commercial Papers | 15000.00 | 1500.00 |
| | | | |
| | Long Term Investments : | | |
| | | | |
| | 1. Quoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |

| | | | |
|---|---|---|---|
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 2000.01 | 5354.17 |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | 63220.81 | 50612.79 |
| | | | |
| | 2. Unquoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | 33312.57 | 19325.04 |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 700.00 | 700.00 |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |

**Rs. In Lacs**

**(6) Borrower group-wise classification assets financed as in (3) and (4) above :**

| | As 31 March, 2016 | | | As at March 31, 2015 | | |
|---|---|---|---|---|---|---|
| Category | Amount net of provisions | | | Amount net of provisions | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | | | | | | |
| ( a ) Subsidiaries | - | 5189.14 | 5189.14 | - | 4747.90 | 4747.90 |
| ( b ) Companies in the same group | 1870.04 | - | 1870.04 | 43.29 | - | 43.29 |
| ( c ) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | 3335044.82 | 163530.3 | 3498575.12 | 3045515.79 | 139454.23 | 3184970.02 |
| **Total** | **3336914.86** | **168719.44** | **3505634.3** | **3045559.08** | **144202.13** | **3189761.21** |

**Rs. In Lacs**

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

| Category | As 31 March, 2016 | | As 31 March, 2015 | |
|---|---|---|---|---|
| | Market Value/ Break up or fair value or NAV | Book Value (Net of Provisions) | Market Value/ Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| ( a ) Subsidiaries | 18695.2 | 18695.2 | 9237.98 | 9237.98 |
| ( b ) Companies in the same group | 15317.37 | 15317.37 | 10787.06 | 10787.06 |
| ( c ) Other related parties | - | - | - | - |
| 2. Other than related parties | 117028.83 | 114321.49 | 68291.61 | 65341.96 |
| **Total** | **151041.40** | **148334.06** | **88,316.65** | **85,367.00** |

| **( 8 ) Other information** | | **As at March 31** | |
|---|---|---|---|
| | | **2016** | **2015** |
| | | **Amount** | **Amount** |
| | Gross Non-Performing Assets : | | |
| ( i ) | | | |
| | *( a ) Related parties* | - | - |
| | *( b ) Other than related parties* | 322416.98 | 209972.20 |
| ( ii ) | Net Non-Performing Assets : | | |
| | | | |
| | *( a ) Related parties* | - | - |
| | *( b ) Other than related parties* | 123511.37 | 81820.64 |
| | | | |
| ( iii ) | Assets acquired in satisfaction of debt : | - | - |
| | | | |

**46.** Disclosures as required under Revised Regulatory Framework for NBFCs (Notification No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014)

**I) Capital**

**As at March 31**

| **Particulars** | | **2016** | **2015** |
|---|---|---|---|
| i) | CRAR (%) | 17.3% | 18.3% |
| ii) | CRAR-Tier I Capital (%) | 14.6% | 15.5% |
| iii) | CRAR-Tier II Capital (%) | 2.7% | 2.8% |
| iv) | Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs) | 17500.00 | 21500.00 |
| v) | Amount raised by issue of Perpetual Debt Instruments | - | - |

## II) Investments

**Rs. in lacs**

| Particulars | | As at March 31 2016 | 2015 |
|---|---|---|---|
| 1) | Value of Investments | | |
| | (i) Gross Value of Investments | | |
| | (a) In India | 133016.74 | 74579.99 |
| | (b) Outside India | 15317.32 | 10787.01 |
| | (ii) Provisions for Depreciation | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | (iii) Net Value of Investments | | |
| | (a) In India | 133016.74 | 74579.99 |
| | (b) Outside India | 15317.32 | 10787.01 |
| 2) | Movement of provisions held towards depreciation on investments. | | |
| | (i) Opening balance | - | - |
| | (ii) Add : Provisions made during the year | - | - |
| | (iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| | (iv) Closing balance | - | - |

## III) Derivatives

### a) Forward Rate Agreement / Interest Rate Swap

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

### b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

### c) Disclosures on Risk Exposure in Derivatives

**Qualitative Disclosures –**

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are

internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions

**Quantitative Disclosures –**

**d) FCNR(B) Loans Availed:**

**Rs. in Lacs**

| | | **As at March 31, 2016** | | **As at March 31, 2015** | |
|---|---|---|---|---|---|
| S No. | **Particulars** | **Currency Derivatives** | **Interest Rate Derivatives** | **Currency Derivatives** | **Interest Rate Derivatives** |
| (i) | Derivatives (Notional Principal Amount) | 78987.00 | | 53592.00 | |
| | For hedging | | | | |
| (ii) | Marked to Market Positions [1] | | | | |
| | (a) Asset (+) Estimated gain | 1657.21 | - | 823.53 | - |
| | (b) Liability (-) Estimated loss | - | (105.80) | (369.90) | (216.27) |
| (iii) | Credit Exposure [2] | - | - | - | - |
| (iv) | Unhedged Exposures | - | - | - | - |

**IV) Disclosures relating to Securitisation**

**a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.**

Applicable for transactions effected after the date of circular:

**Rs. in Lacs**

| | | **As at March 31** | |
|---|---|---|---|
| **S No.** | **Particulars** | **2016** | **2015** |
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 16 | 12 |

| | | | |
|---|---|---|---|
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 136825.69 | 154321.26 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss-<br>Credit enhancement in form of corporate undertaking | 17196.42 | 8307.81 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss-<br>Cash collateral term deposits with banks | 20038.00 | 20085.00 |
| | Others-<br>Retained interest in pass through certificates (excluding accrued interest) | 472.12 | 1242.81 |
| 4 | Amount of exposures to securitisation transactions other than MRR | - | - |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | | |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others<br>Excess Interest Spread | 27856.85 | 27176.87 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others-<br>Cash collateral term deposits with banks | 1856.00 | 2000.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

During the current year and the previous year the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

**c) Details of Assignment transactions undertaken by NBFCs (During the year)**

**Rs. in lacs**

**Year ended March 31**

| | | 2016 | 2015 |
|---|---|---|---|
| (i) | No. of accounts | - | - |
| (ii) | Aggregate value (net of provisions) of accounts sold | - | - |
| (iii) | Aggregate consideration | | |

| | | | |
|---|---|---|---|
| | | - | - |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) | Aggregate gain / loss over net book value | - | - |

**d) Details of non-performing financial assets purchased / sold**

**i) Details of non-performing financial assets purchased:**

During the current year and the previous year the Company has not purchased any non -performing financial assets.

**ii) Details of Non-performing Financial Assets sold:**

During the current year and the previous year the Company has not sold any non - performing financial assets.

**V) Exposures**

**a) Exposure to Real Estate Sector**

During the current year and the previous the Company has no Exposure to Real estate sector.

**b) Exposure to Capital Market**

During the current year and the previous year the Company has no Exposure to Capital Market.

**c) Details of financing of parent company products**

Of the total financing activity undertaken by the Company during the financial year 2015-16, 45% (March 31, 2015: 48%) of the financing was towards parent company products.

**d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**e) Unsecured Advances**

During the current year, the Company has granted unsecured advances of Rs. 167916.29 Lacs (March 31, 2015: Rs.142013.49 Lacs).

**VI) Miscellaneous**

**a) Registration obtained from other financial sector regulators**

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

**b) Disclosure of Penalties imposed by RBI and other regulators**

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

**c) Related Party Transactions**

(refer note no.39)

**d) Rating assigned by credit rating agencies and migration of ratings during the year**

**Credit Rating -**

During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'. The 'IND AAA' national ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

During the year under review, CARE Ratings has assigned the 'CARE AAA' rating to Company's Long-term debt instrument and Lower Tier II Subordinated Debt programme. The Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/stable' from "BWR AA+/positive". 'BWR AAA' stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

**VII) Net Profit of Loss for the period ,prior period items and change in accounting policies**

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

**VIII) Revenue Recognition**

(Refer note no. 3 under Summary of Significant Accounting Policies)

**IX) Accounting Standard 21- Consolidated Financial Statements (CFS)**

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21

Refer consolidated financial statements (CFS)

**Additional Disclosures :**

**X) Provisions and Contingencies**

**Rs. in lacs**

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | Year ended March 31 2016 | Year ended March 31 2015 |
|---|---|---|
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | 52596.10 | 33259.02 |
| Provision made towards Income tax | 53560.00 | 51995.00 |
| Other Provision and Contingencies (with details) | - | - |
| Provision for diminution in the fair value of restructured advances | 0.64 | 9.56 |
| Provision for Standard Assets | 1353.00 | 1079.31 |

**Draw Down from Reserves**

**Year ended March 31 2016 : Nil**

**Year ended March 31 2015 :**

Refer note no. 26 regarding transitional depreciation of Rs.317.77 Lacs (net of deferred tax of Rs.163.62 Lacs) arising pursuant to requirements of schedule II of the Companies Act 2013 which was charged to opening balance of surplus in Statement of profit and loss.

**XI) Concentration of Deposits, Advances, Exposures and NPAs**

**a) Concentration of Deposits (for deposit taking NBFCs)**

**Rs. in lacs**

| | As at March 31 2016 | As at March 31 2015 |
|---|---|---|
| Total Deposits of twenty largest depositors | 44718.44 | 37130.21 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC | 8.7% | 7.4% |

**b) Concentration of Advances**

**Rs. in lacs**

| | As at March 31 2016 | As at March 31 2015 |
|---|---|---|
| Total Advances to twenty largest borrowers | 80359.22 | 37180.54 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 2.2% | 1.1% |

**c) Concentration of Exposures**

**Rs. in lacs**

| | As at March 31 | |
|---|---|---|
| | **2016** | **2015** |
| Total Exposure to twenty largest borrowers / customers | 80359.22 | 37180.54 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 2.2% | 1.1% |

**d) Concentration of NPAs**

**Rs. in lacs**

| | As at March 31 | |
|---|---|---|
| | **2016** | **2015** |
| Total Exposure to top four NPA accounts | 7411.47 | 6241.67 |

e) **Sector-wise NPAs**

| **S No.** | **Sector** | **Percentage of NPAs to Total Advances in that sector** | **Percentage of NPAs to Total Advances in that sector** |
|---|---|---|---|
| | | **As at March 31, 2016** | **As at March 31, 2015** |
| 1 | Agriculture & allied activities/Auto | 9.2% | 6.5% |
| 2 | MSME/Corporate borrowers | 4.2% | 5.6% |
| 3 | Unsecured personal loans | 10.3% | 13.1% |
| 4 | Other loans | 0.7% | 3.4% |
| 5 | Services | - | - |

**f) Movement of NPAs**

**Rs. in lacs**

| **Particulars** | | As at / Year ended March 31 | |
|---|---|---|---|
| | | **2016** | **2015** |
| (i) | Net NPAs to Net Advances (%) | 3.5% | 2.6% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 209972.20 | 140569.12 |
| | (b) Additions during the year | 213047.58 | 147895.67 |
| | (c)Reductions during the year | 100602.80 | 78492.59 |
| | (d)Closing balance | **322416.98** | **209972.20** |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 81820.64 | 57564.17 |
| | (b) Additions during the year | 91707.63 | 67419.23 |
| | (c) Reductions during the year | 50016.90 | 43162.76 |
| | (d)Closing balance | **123511.37** | **81820.64** |

| | | | |
|---|---|---|---|
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | (a) Opening balance | 96617.08 | 63358.06 |
| | (b)Provisions made during the year | 91439.33 | 61506.02 |
| | (c)Write-off / write-back of excess provisions | 38843.23 | 28247.00 |
| | (d)Closing balance | **149213.18** | **96617.08** |

**XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

**Rs. in lacs**

| Name of the Joint Venture/ Subsidiary | Other Partner in the JV | Country | Total Assets as at March 31, 2016 | Total Assets as at March 31, 2015 |
|---|---|---|---|---|
| Mahindra Finance USA, LLC | De Lage Landen Financial Services | USA | 243,751.58 | 167,299.84 |

**XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

| **Name of the SPV sponsored** | |
|---|---|
| **Domestic** | **Overseas** |
| NA | NA |

**XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

**As at March 31, 2016**

**Rs. in lacs**

| | **1 to 30/31 days (one month)** | **Over one month to 2 months** | **Over 2 months to 3 months** | **Over 3 months to 6 months** | **Over 6 months to one year** | **Over one year to 3 years** | **Over 3 to 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 15664.40 | 18168.12 | 15454.38 | 46352.65 | 85920.79 | 281033.37 | 15832.63 | - | 478426.35 |
| Advances | 284937.61 | 147877.40 | 154020.45 | 380287.32 | 611279.67 | 1488932.17 | 294618.21 | 2446.12 | 3364398.95 |
| Reserves and surplus | - | - | - | - | - | - | - | 597518.72 | 597518.72 |
| Investments | 14,975.11 | - | 9,846.39 | - | 15000.00 | 11202.82 | 24568.95 | 72740.79 | 148334.05 |
| Borrowings | 92097.89 | 140400.00 | 77678.57 | 135712.86 | 469544.05 | 849582.22 | 385396.19 | 258030.00 | 2408441.78 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | 6,567.13 | - | 7,114.39 | 13251.00 | 53227.83 | - | - | 80160.34 |

## XV) Disclosure of Complaints

**Customer Complaints**

| | |
|---|---|
| (a) No. of complaints pending at the beginning of the year | 9 |
| (b) No. of complaints received during the year | 132 |
| (c) No. of complaints redressed during the year | 136 |
| (b) No. of complaints pending at the end of the year | 5 |

**47.** During the year, the Company has incurred an expenditure of Rs. 2791.69 Lacs (March 31, 2015 : Rs. 2374.07 Lacs) towards Corporate Social Responsibility activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 114.26 Lacs (March 31, 2015 : Rs.113.56 Lacs) towards the CSR activities undertaken by the Company (refer note no. 28).

## 48. Disclosure on restructured standard advances :

During the previous year, the Company has restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan. The details of the same are provided here below.

**Rs. in Lacs**

| | **Type of Restructuring** | | **Others** | | | | |
|---|---|---|---|---|---|---|---|
| Sr. No. | Asset Classification | | Standard | Substandard | Doubtful | Loss | Total |
| | Details | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of Borrowers | 1 | - | - | - | 1 |
| | | Amount Outstanding | 446.15 | - | - | - | 446.15 |
| | | Provision thereon # | 31.87 | - | - | - | 31.87 |
| 2 | Fresh Restructuring during the year | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 3 | Up-gradations to restructured standard category during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 4 | Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 5 | Down gradations of restructured accounts during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 6 | Write-offs of restructured accounts during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| 7 | Restructured Accounts as on March 31 of the FY (Closing Figures) | No. of Borrowers | 1 | - | - | - | 1 |
| | | Amount Outstanding | 446.15 | - | - | - | 446.15 |
| | | Provision thereon # | 32.51 | - | - | - | 32.51 |

Note : Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

# Represents higher provisioning and provision for diminution in fair value of Rs. 22.31 Lacs (March 31,2015: Rs. 22.31 Lacs) and Rs. 10.20 Lacs (March 31,2015: Rs. 9.56 Lacs) respectively.

**49. Changes in provisions**

**Rs. in Lacs**

| | As at April 1, 2015 | Additional Provisions | Utilizations/ Reversals | As at March 31, 2016 |
|---|---|---|---|---|
| Provision for Standard assets | 12682.00 | 1353.00 | - | 14035.00 |
| Provision for Non-performing assets | 96617.08 | 91439.33 | 38843.23 | 149213.18 |

**50.** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**51.** In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

**52.** Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**53. Managerial remuneration to Directors included in the Statement of profit and loss**

**Rs. in Lacs**

| | Year ended March 31 | |
|---|---|---|
| | **2016** | **2015** |
| Salary and perquisites | 564.08 | 583.22 |
| Sitting fees and commission | 294.55 | 214.62 |
| Total | **858.63** | **797.84** |

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

**54.** Previous year figures have been regrouped / reclassified wherever found necessary.

# For FY 2014-15:

**40. Contingent liabilities and commitments (to the extent not provided for)**

**Rs. in Lacs**

| | As at March 31 | |
|---|---|---|
| | **2015** | **2014** |
| **i) Contingent liabilities** | | |
| a) Demand against the Company not acknowledged as debts - | | |
| - Income tax | 4379.05 | 7476.70 |
| - Value Added Tax (VAT) | 191.98 | 60.92 |
| b) Corporate guarantees towards assignment transactions | 31338.63 | 55631.29 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 46 (IV) (a)) | 8307.81 | 4782.00 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 3110.83 | 2726.48 |
| | 47328.30 | 70677.39 |
| **ii) Commitments** | | |
| a) Estimated amount of contracts remaining to be executed on capital account | 554.84 | 438.05 |
| b) Uncalled liability on shares and other investments partly paid | - | 2,190.00 |
| (March 31, 2014: On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share) | | |
| | 554.84 | 2628.05 |

**41.** The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of The Companies Act, 2013 is not given.

**42. Secured long-term borrowings**

### vii) Secured non-convertible debentures

**As at March 31, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 8.70% - 8.95% | 53000.00 | - | 53000.00 |
| Maturing between 3 years to 5 years | 8.65% - 10.25% | 122760.00 | - | 122760.00 |
| Maturing between 1 year to 3 years | 8.65% - 10.20% | 181280.00 | - | 181280.00 |
| Maturing within 1 year | 8.60% - 9.95% | - | 152270.00 | 152270.00 |
| **Total at Face Value** | | **357040.00** | **152270.00** | **509310.00** |
| Less : Unamortised discounting charges | | 5169.00 | 196.14 | 5365.13 |
| **Total redemption value, net of unamortized discounting charges** | | **351871.00** | **152073.86** | **503944.87** |

**As at March 31, 2014**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 9.25% - 10.25% | 44550.00 | - | 44550.00 |
| Maturing between 1 year to 3 years | 9.00% - 10.20% | 252470.00 | - | 252470.00 |
| Maturing within 1 year | 9.04% - 10.25% | - | 169020.00 | 169020.00 |
| **Total** | | **297020.00** | **169020.00** | **466040.00** |
| **2) Repayable in yearly installments:** | | | | |
| Maturing between 1 year to 3 years | 9.95% | 24500.00 | - | 24500.00 |
| Maturing within 1 year | 9.95% - 13.00% | - | 14500.00 | 14500.00 |
| **Total** | | **24500.00** | **14500.00** | **39000.00** |
| **Total Face Value** | | **321520.00** | **183520.00** | **505040.00** |
| Less : Unamortised discounting charges | | 1347.33 | 1111.82 | 2459.15 |
| **Total redemption Value, net of unamortized discounting charges** | | **320172.67** | **182408.18** | **502580.85** |

### viii) Secured term loans from banks

**As at March 31, 2015**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 9.70% - 10.25% | 192500.00 | | 192500.00 |
| Maturing within 1 year | 9.45% - 10.40% | - | 127000.00 | 127000.00 |
| **Total for repayable on maturity** | | **192500.00** | **127000.00** | **319500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bimonthly** | | | | |
| Maturing within 1 year | 10.25% | - | 6200.00 | 6200.00 |
| **Total** | | **-** | **6200.00** | **6200.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 10.00% | 1428.57 | | 1428.57 |
| Maturing between 1 year to 3 years | 9.95% - 10.25% | 95835.71 | | 95835.71 |
| Maturing within 1 year | 9.95% - 10.25% | - | 32364.29 | 32364.29 |
| **Total** | | **97264.29** | **32364.29** | **129628.57** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years | 10.25% | 15000.00 | | 15000.00 |
| Maturing between 1 year to 3 years | 10.00%-10.25% | 214666.67 | | 214666.67 |
| Maturing within 1 year | 10.00%-10.25% | - | 162666.67 | 162666.67 |
| **Total** | | **229666.67** | **162666.67** | **392333.33** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 10.20% - 10.25% | 43333.33 | | 43333.33 |
| Maturing between 1 year to 3 years | 10.20% - 10.25% | 104166.67 | | 104166.67 |
| Maturing within 1 year | 10.25% | - | 7500.00 | 7500.00 |
| **Total** | | **147500.00** | **7500.00** | **155000.00** |

| | | | | |
|---|---|---|---|---|
| **Total for repayable in installments** | | **474430.95** | **208730.95** | **683161.90** |
| **TOTAL ( 1+2 )** | | **666930.95** | **335730.95** | **1002661.90** |

**As at March 31, 2014 :**

**Rs. in Lacs**

| | **Rate range** | **(a) Non-current** | **(b) Current** | **Total** |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 10.20% | 25000.00 | - | 25000.00 |
| Maturing between 1 year to 3 years | 9.70%-10.40% | 294000.00 | - | 294000.00 |
| Maturing within 1 year | 7.75%-10.35% | - | 62500.00 | 62500.00 |
| **Total for repayable on maturity** | | **319000.00** | **62500.00** | **381500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bi-monthly** | | | | |
| Maturing between 1 year to 3 years | 10.25% | 6,200.00 | - | 6200.00 |
| **Total** | | **6200.00** | **-** | **6200.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 10.00%-10.25% | 27314.28 | - | 27314.28 |
| Maturing between 1 year to 3 years | 10.00%- 10.50% | 49814.28 | - | 49814.28 |
| Maturing within 1 year | 10.00%- 10.25% | - | 44505.15 | 44505.15 |
| **Total** | | **77128.56** | **44505.15** | **121633.71** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years | 10.25% | 81900.00 | - | 81,900.00 |
| Maturing between 1 year to 3 years | 10.20% -10.25% | 321266.67 | - | 321266.67 |
| Maturing within 1 year | 10.20% -10.25% | - | 144333.33 | 144333.33 |
| **Total** | | **403166.67** | **144333.33** | **547500.00** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 10.20%- 10.25% | 81666.67 | - | 81666.67 |
| Maturing between 1 year to 3 years | 10.20%- 10.25% | 73333.33 | - | 73333.33 |
| Maturing within 1 year | 9.25%- 10.25% | - | 55000.00 | 55000.00 |
| **Total** | | **155000.00** | **55000.00** | **210000.00** |
| **Total for repayable in installments** | | **641495.23** | **243838.48** | **885333.71** |
| **Total ( 1+2 )** | | **960495.23** | **306338.48** | **1266833.71** |

## ix) Foreign currency loans from banks

**As at March 31, 2015**

**Rs. in Lacs**

| | **Rate range** | **(a) Non-current** | **(b) Current** | **Total** |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 8.95% | 12500.00 | - | 12500.00 |
| Maturing within 1 year | 9.05% - 9.98% | - | 42044.47 | 42044.47 |
| **TOTAL** | | **12500.00** | **42044.47** | **54544.47** |

**As at March 31, 2014**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| Repayable on maturity : | | | | |
| Maturing between 1 year to 3 years | 9.05%-9.98% | 40305.51 | - | 40305.51 |
| Maturing within 1 year | 9.60% | - | 11983.00 | 11983.00 |
| **Total** | | **40305.51** | **11983.00** | **52288.51** |

**43. Unsecured borrowings**

### vi) Subordinated debts (long-term)

**As at March 31, 2015**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing beyond 5 years | 9.18% - 10.50% | 78550.00 | - | 78550.00 |
| Maturing between 3 years to 5 years | 9.85% - 11.75% | 15480.00 | - | 15480.00 |
| Maturing between 1 year to 3 years | 10.50% - 12.00% | 6,880.00 | - | 6880.00 |
| **TOTAL** | | **100910.00** | **-** | **100910.00** |

**As at March 31, 2014**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 10.50%-12.00% | 7860.00 | - | 7860.00 |
| Maturing beyond 5 years | 9.50%-10.50% | 71550.00 | - | 71550.00 |
| **Total** | | **79410.00** | **-** | **79410.00** |

### vii) Unsecured term loans from banks

**As at March 31, 2015 :**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 10% | 10000.00 | - | 10000.00 |
| **TOTAL** | | **10000.00** | **-** | **10000.00** |

**As at March 31, 2014 :**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 9.75% | - | 2200.00 | 2200.00 |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10000.00 |
| **Total** | | **10000.00** | **2200.00** | **12200.00** |

### viii) Inter-corporate deposits (ICDs)

**As at March 31, 2015**

**Rs.in Lacs**

| | Rate range | (a) Short Term | Long Term (b) Non-current | Long Term (c) Current | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing within 1 year | 9.00% - 9.60% | 850.00 | - | 725.00 | 1575.00 |
| **TOTAL** | | **850.00** | **-** | **725.00** | **1575.00** |

**As at March 31, 2014**

**Rs.in Lacs**

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current | Total |
|---|---|---|---|---|---|
| **Repayable on maturity :** | | | | | |
| Maturing between 1 year to 3 years | 9.40% | - | 725.00 | - | 725.00 |
| Maturing within 1 year | 8.75% -10.25% | 3565.00 | - | 50.00 | 3615.00 |
| **Total** | | **3565.00** | **725.00** | **50.00** | **4340.00** |

### ix) Fixed deposits

**As at March 31, 2015**

**Rs. in Lacs**

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 8.90% - 10.10% | - | 6561.15 | - | 6561.15 |
| Maturing between 1 year to 3 years | 9.15% - 10.60% | - | 324772.68 | - | 324772.68 |
| Maturing within 1 year | 8.40% -10.75% | 6943.06 | - | 129746.50 | 136689.56 |
| **TOTAL** | | **6943.06** | **331333.83** | **129746.50** | **468023.39** |

**As at March 31, 2014**

**Rs. in Lacs**

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 9.4% - 10.25% | - | 7308.37 | - | 7308.37 |
| Maturing between 1 year to 3 years | 8.65% - 10.75% | - | 270554.77 | - | 270554.77 |
| Maturing within 1 year | 8.65% - 10.75% | 5931.15 | - | 76425.51 | 82356.66 |
| **Total** | | **5931.15** | **277863.14** | **76425.51** | **360219.80** |

**44. Short – term borrowings**

### v) Secured term loans from banks and cash credit facilities

**As at March 31, 2015**

**Rs. in Lacs**

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 9.60% - 14.00% | 131805.33 |
| **TOTAL** | | **131805.33** |

**As at March 31, 2014**

**Rs. in Lacs**

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 10.25% - 13.25% | 112732.21 |
| **Total** | | **112732.21** |

### vi) Commercial papers

**As at March 31, 2015 :**

**Rs. in Lacs**

| | Rate range | Current |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 8.88% - 9.15% | 347500.00 |
| Less : Unamortized discounting charges | | 5431.44 |
| **Total redemption value, net of unamortized discounting charges** | | **342068.56** |

**As at March 31, 2014 : Nil**

**45.** Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Rs. in Lacs**

| | | **As at March 31, 2015** | | **As at March 31, 2014** | |
|---|---|---|---|---|---|
| | **Liabilities side** | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | | | | | |
| **(1)** | **Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :** | | | | |
| | | | | | |
| | ( a ) Debentures : Secured | 531521.57 | - | 524148.97 | - |
| | : Unsecured | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | (other than falling within the meaning of public deposits) | | | | |
| | ( b ) Deferred Credits | - | - | - | - |
| | ( c ) Term Loans | 1086150.23 | - | 1334854.96 | - |
| | ( d ) Inter-corporate loans and Other Borrowings | 1617.69 | - | 4414.76 | - |
| | ( e ) Commercial Paper | 347500.00 | - | - | - |
| | ( f ) Public Deposits | 460702.68 | - | 359500.62 | - |
| | ( g ) Fixed Deposits accepted from Corporates | 38501.41 | - | 22023.38 | - |
| | ( h ) FCNR Loans | 54741.36 | - | 52502.27 | - |
| | ( i ) Subordinate debt | 105738.99 | - | 83663.23 | - |
| | ( j ) Other Short Term Loans and credit facilities from banks | 59105.33 | - | 57232.21 | - |
| | | | | | |
| | | | | | |
| (2) | **Break-up of ( 1 ) ( f ) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :** | | | | |
| | | | | | |
| | ( a ) In the form of Unsecured debentures | - | - | - | - |
| | ( b ) In the form of partly secured debentures i.e.,debentures | - | - | - | - |
| | where there is a shortfall in the value of security | | | | |
| | | | | | |
| | ( c ) Other public deposits | 460702.68 | - | 359500.62 | - |
| | | | | | |

**Rs. in Lacs**

**As at March 31**

| | | **2015** | **2014** |
|---|---|---|---|
| | - | Amount outstanding | Amount outstanding |
| | **Asset side:** | | |
| **( 3 )** | **Break-up of Loans and Advances including bills receivables** | | |
| | [ other than those included in (4) below ] : | | |
| | | | |
| | ( a ) Secured | 36273.34 | 34048.00 |
| | | | |
| | ( b ) Unsecured | 144202.13 | 144926.46 |
| | | | |
| **( 4 )** | **Break up of Leased Assets and stock on hire and** | | |
| | **hypothecation loans counting towards AFC activities :** | | |
| | | | |
| | ( i ) Lease assets including lease rentals under sundry debtors : | | |
| | | | |

| | | | |
|---|---|---|---|
| | ( a ) Financial lease | - | - |
| | | | |
| | ( b ) Operating lease | - | - |
| | | | |
| | ( ii ) Stock on hire including hire charges under sundry debtors : | | |
| | | | |
| | ( a ) Assets on hire | - | - |
| | | | |
| | ( b ) Repossessed Assets | - | - |
| | | | |
| | ( iii ) Other loans counting towards AFC activities : | | |
| | | | |
| | ( a ) Loans where assets have been repossessed | 7860.00 | 8752.63 |
| | | | |
| | ( b ) Loans other than ( a ) above | 3001425.74 | 2705765.33 |
| | | | |
| **( 5 )** | **Break-up of Investments :** | | |
| | | | |
| | Current Investments : | | |
| | | | |
| | 1. Quoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 7,875.00 | - |
| | | | |

**Rs. in Lacs**

**As at March 31**

| | | **2015** | **2014** |
|---|---|---|---|
| | - | Amount outstanding | Amount outstanding |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |
| | ( v ) Investments in Certificate of Deposits with Banks | - | - |
| | | | |
| | 2. Unquoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |

| | | | |
|---|---|---|---|
| | ( ii ) Debentures and Bonds | - | - |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |
| | ( v ) Certificate of Deposits with Banks | - | 24289.13 |
| | | | |
| | ( vi ) Commercial Papers | 1500.00 | 10000.00 |
| | | | |
| | Long Term Investments : | | |
| | | | |
| | 1. Quoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | - | - |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 5354.17 | - |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | 50612.79 | 37895.56 |
| | | | |
| | 2. Unquoted : | | |
| | | | |
| | ( i ) Shares : ( a ) Equity | 19325.04 | 14032.03 |

**Rs. in Lacs**

**As at March 31**

| | | **2015** | **2014** |
|---|---|---|---|
| | - | Amount outstanding | Amount outstanding |
| | | | |
| | ( b ) Preference | - | - |
| | | | |
| | ( ii ) Debentures and Bonds | 700.00 | 700.00 |
| | | | |
| | ( iii ) Units of mutual funds | - | - |
| | | | |
| | ( iv ) Government Securities | - | - |
| | | | |

**Rs. In Lacs**

**(6) Borrower group-wise classification assets financed as in (3) and (4) above :**

| Category | As 31 March, 2015 | | | As at March 31, 2014 | | |
|---|---|---|---|---|---|---|
| | Amount net of provisions | | | Amount net of provisions | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | | | | | | |
| ( a ) Subsidiaries | - | 4747.90 | 4747.90 | - | 1361.61 | 1361.61 |
| ( b ) Companies in the same group | - | - | - | - | 1091.74 | 1091.74 |
| ( c ) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | 3045559.08 | 139454.23 | 3185013.31 | 2748565.96 | 142473.11 | 2891039.07 |
| **Total** | **3045559.08** | **144202.13** | **3189761.21** | **2748565.96** | **144926.46** | **2893492.42** |

**Rs. In Lacs**

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

| Category | As 31 March, 2015 | | As 31 March, 2014 | |
|---|---|---|---|---|
| | Market Value/ Break up or fair value or NAV | Book Value (Net of Provisions) | Market Value/ Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| ( a ) Subsidiaries | 9237.98 | 9237.98 | 6943.98 | 6943.98 |
| ( b ) Companies in the same group | 10787.06 | 10787.06 | 7788.05 | 7788.05 |
| ( c ) Other related parties | - | - | - | - |
| 2. Other than related parties | 68291.61 | 65341.96 | 70794.00 | 72184.69 |
| **Total** | **88,316.65** | **85,367.00** | **85,526.03** | **86,916.72** |

| **( 8 ) Other information** | | **As at March 31** | |
|---|---|---|---|
| | | **2015** | **2014** |
| | | **Amount** | **Amount** |
| | Gross Non-Performing Assets : | | |
| ( i ) | | | |
| | *( a ) Related parties* | - | - |
| | *( b ) Other than related parties* | 209972.20 | 140569.12 |
| ( ii ) | Net Non-Performing Assets : | | |
| | | | |
| | *( a ) Related parties* | - | - |
| | *( b ) Other than related parties* | 81820.64 | 57564.17 |
| | | | |
| ( iii ) | Assets acquired in satisfaction of debt : | - | - |
| | | | |

**46.** Disclosures as required under Revised Regulatory Framework for NBFCs (Notification No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014)

### I) Capital

**As at March 31**

| Particulars | | 2015 | 2014 |
|---|---|---|---|
| i) | CRAR (%) | 18.3% | 18.0% |
| ii) | CRAR-Tier I Capital (%) | 15.5% | 15.5% |
| iii) | CRAR-Tier II Capital (%) | 2.8% | 2.5% |
| iv) | Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs) | 21500.00 | 20000.00 |
| v) | Amount raised by issue of Perpetual Debt Instruments | - | - |

### II) Investments

**Rs. in lacs**

**As at March 31**

| Particulars | | 2015 | 2014 |
|---|---|---|---|
| 1) | Value of Investments | | |
| | (i) Gross Value of Investments | | |
| | (a) In India | 74579.99 | 79128.67 |
| | (b) Outside India | 10787.01 | 7788.05 |
| | (ii) Provisions for Depreciation | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | (iii) Net Value of Investments | | |
| | (a) In India | 74579.99 | 79128.67 |
| | (b) Outside India | 10787.01 | 7788.05 |

**Rs. in lacs**

**As at March 31**

| Particulars | | 2015 | 2014 |
|---|---|---|---|
| 2) | Movement of provisions held towards depreciation on investments. | | |
| | (i) Opening balance | - | - |
| | (ii) Add : Provisions made during the year | - | - |
| | (iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| | (iv) Closing balance | - | - |

### III) Derivatives

#### a) Forward Rate Agreement / Interest Rate Swap

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

#### b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

## c) Disclosures on Risk Exposure in Derivatives

**Qualitative Disclosures –**

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions

**Quantitative Disclosures –**

## d) FCNR(B) Loans Availed:

**Rs. in Lacs**

| | | As at March 31, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|---|
| S No. | **Particulars** | **Currency Derivatives** | **Interest Rate Derivatives** | **Currency Derivatives** | **Interest Rate Derivatives** |
| (i) | Derivatives (Notional Principal Amount) | 53592.00 | | 52160.00 | |
| | For hedging | | | | |
| (ii) | Marked to Market Positions [1] | | | | |
| | (a) Asset (+) Estimated gain | 823.53 | - | 1777.52 | - |
| | (b) Liability (-) Estimated loss | (369.90) | (216.27) | (1,635.90) | - |
| (iii) | Credit Exposure [2] | - | - | - | - |
| (iv) | Unhedged Exposures | - | - | - | - |

## IV) Disclosures relating to Securitisation

### a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

**Rs. in Lacs**

| S No. | Particulars | As at March 31 2015 | 2014 |
|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitisation transactions | 12 | 8 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | 154321.26 | 192645.41 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | First loss-<br>Credit enhancement in form of corporate undertaking | 8307.81 | 4782.00 |
| | Others | - | - |
| | b) On-balance sheet exposures | | |
| | First loss-<br>Cash collateral term deposits with banks | 20085.00 | 18040.00 |
| | Others-<br>Retained interest in pass through certificates | 1242.81 | 2213.95 |

**Rs. in Lacs**

| S No. | Particulars | As at March 31 2015 | 2014 |
|---|---|---|---|
| 4 | Amount of exposures to securitisation transactions other than MRR | - | - |
| | a) Off-balance sheet exposures | | |
| | (i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Loss | | |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others<br>Excess Interest Spread | 27176.87 | 25938.12 |
| | b) On-balance sheet exposures | | |
| | (i) Exposure to own securitisations | | |
| | First loss | - | - |
| | Others-<br>Cash collateral term deposits with banks | 2000.00 | 2156.00 |
| | (ii) Exposure to third party securitisations | | |
| | First loss | - | - |
| | Others | - | - |

**b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

During the current year and the previous year the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

**c) Details of Assignment transactions undertaken by NBFCs (During the year)**

**Rs. in lacs**

| | | Year ended March 31 | |
|---|---|---|---|
| | | **2015** | **2014** |
| (i) | No. of accounts | - | 6490 |
| (ii) | Aggregate value (net of provisions) of accounts sold | - | 19850.83 |
| (iii) | Aggregate consideration | - | 15554.19 |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) | Aggregate gain / loss over net book value | - | 314.94 |

**d) Details of non-performing financial assets purchased / sold**

**i) Details of non-performing financial assets purchased:**

During the current year and the previous year the Company has not purchased any non - performing financial assets.

**ii) Details of Non-performing Financial Assets sold:**

During the current year and the previous year the Company has not sold any non - performing financial assets.

**V) Exposures**

**a) Exposure to Real Estate Sector**

During the current year and the previous the Company has no Exposure to Real estate sector.

**b) Exposure to Capital Market**

During the current year and the previous year the Company has no Exposure to Capital Market.

**c) Details of financing of parent company products**

Of the total financing activity undertaken by the Company during the financial year 2014-15, 48% (March 31, 2014 : 48%) of the financing was towards parent company products.

**d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**e) Unsecured Advances**

During the current year, the Company has granted unsecured advances of Rs. 142013.49 Lacs (March 31, 2014: Rs.144294.39 Lacs).

## VI) Miscellaneous

**a) Registration obtained from other financial sector regulators**

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

**b) Disclosure of Penalties imposed by RBI and other regulators**

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

**c) Related Party Transactions**

(refer note no.39)

**d) Rating assigned by credit rating agencies and migration of ratings during the year**

**Credit Rating -**

During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'. The 'IND AAA' national ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

During the year under review, CARE Ratings has assigned the 'CARE AAA' rating to Company's Long-term debt instrument and Lower Tier II Subordinated Debt programme. The Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/stable' from "BWR AA+/positive". 'BWR AAA' stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

## VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

## VIII) Revenue Recognition

(Refer note no. 3 under Summary of Significant Accounting Policies)

## IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21

Refer consolidated financial statements (CFS)

**Additional Disclosures :**

## X) Provisions and Contingencies

**Rs. in lacs**

**Year ended March 31**

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 2015 | 2014 |
|---|---|---|
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | 33259.02 | 24486.70 |
| Provision made towards Income tax | 51995.00 | 53540.00 |
| Other Provision and Contingencies (with details) | - | - |
| Provision for diminution in the fair value of restructured advances | 9.56 | - |
| Provision for Standard Assets | 1079.31 | 2110.00 |

**Draw Down from Reserves**

Refer note no. 26 regarding transitional depreciation of Rs.317.77 Lacs (net of deferred tax of Rs.163.62 Lacs) arising pursuant to requirements of schedule II of the Companies Act 2013 which is charged to opening balance of surplus in Statement of profit and loss.

## XI) Concentration of Deposits, Advances, Exposures and NPAs

### a) Concentration of Deposits (for deposit taking NBFCs)

**Rs. in lacs**

**As at March 31**

| | 2015 | 2014 |
|---|---|---|
| Total Deposits of twenty largest depositors | 37130.21 | 23378.24 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC | 7.4% | 6.1% |

### b) Concentration of Advances

**Rs. in lacs**

**As at March 31**

| | 2015 | 2014 |
|---|---|---|
| Total Advances to twenty largest borrowers | 37180.54 | 36789.53 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 1.1% | 1.3% |

### c) Concentration of Exposures

**Rs. in lacs**

| | As at March 31 | |
|---|---|---|
| | **2015** | **2014** |
| Total Exposure to twenty largest borrowers / customers | 37180.54 | 36789.53 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 1.1% | 1.3% |

### d) Concentration of NPAs

**Rs. in lacs**

| | As at March 31 | |
|---|---|---|
| | **2015** | **2014** |
| Total Exposure to top four NPA accounts | 6241.67 | 3186.32 |

### e) Sector-wise NPAs

| S No. | Sector | Percentage of NPAs to Total Advances in that sector | Percentage of NPAs to Total Advances in that sector |
|---|---|---|---|
| | | **As at March 31, 2015** | **As at March 31, 2014** |
| 1 | Agriculture & allied activities/Auto | 6.5% | 4.9% |
| 2 | MSME/Corporate borrowers | 5.6% | 3.4% |
| 3 | Unsecured personal loans | 13.1% | 8.2% |
| 4 | Other loans | 3.4% | 3.9% |
| 5 | Services | - | - |

### f) Movement of NPAs

**Rs. in lacs**

| Particulars | | As at / Year ended March 31 | |
|---|---|---|---|
| | | **2015** | **2014** |
| (i) | Net NPAs to Net Advances (%) | 2.6% | 2.0% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 140569.12 | 76295.53 |
| | (b) Additions during the year | 147895.67 | 105297.91 |
| | (c)Reductions during the year | 78492.59 | 41024.32 |
| | (d)Closing balance | **209972.20** | **140569.12** |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 57564.17 | 25992.87 |
| | (b) Additions during the year | 67419.23 | 52462.18 |
| | (c) Reductions during the year | 43162.76 | 20890.88 |
| | (d)Closing balance | **81820.64** | **57564.17** |

| | | | |
|---|---|---|---|
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | (a) Opening balance | 63358.06 | 38871.36 |
| | (b)Provisions made during the year | 61506.02 | 40757.25 |
| | (c)Write-off / write-back of excess provisions | 28247.00 | 16270.55 |
| | (d)Closing balance | **96617.08** | **63358.06** |

## XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

**Rs. in lacs**

| Name of the Joint Venture/ Subsidiary | Other Partner in the JV | Country | Total Assets as at March 31, 2015 | Total Assets as at March 31, 2014 |
|---|---|---|---|---|
| Mahindra Finance USA, LLC | De Lage Landen Financial Services | USA | 167299.84 | 114118.37 |

## XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

| **Name of the SPV sponsored** | |
|---|---|
| **Domestic** | **Overseas** |
| NA | NA |

## XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

**As at March 31, 2015**

**Rs. in lacs**

| | **1 to 30/31 days (one month)** | **Over one month to 2 months** | **Over 2 months to 3 months** | **Over 3 months to 6 months** | **Over 6 months to one year** | **Over one year to 3 years** | **Over 3 to 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 9067.27 | 11956.49 | 9896.81 | 27006.66 | 78767.68 | 324767.42 | 6561.05 | - | 468023.39 |
| Advances | 241340.37 | 128593.80 | 142272.10 | 346743.95 | 569732.88 | 1402397.67 | 257345.01 | 1338.97 | 3089764.75 |
| Reserves and surplus | - | - | - | - | - | - | - | 555658.11 | 555658.11 |
| Investments | - | - | - | - | 1500.00 | 4193.09 | 17510.26 | 62163.65 | 85367.00 |
| Borrowings | 51735.60 | 282050.00 | 110295.24 | 195920.24 | 236823.81 | 911417.71 | 198001.90 | 131550.00 | 2117794.51 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | 10794.47 | - | 31250.00 | 12500.00 | - | - | 54544.47 |

## XV) Disclosure of Complaints

**Customer Complaints**

| | |
|---|---|
| (a) No. of complaints pending at the beginning of the year | 5 |
| (b)No. of complaints received during the year | 113 |
| (c)No. of complaints redressed during the year | 109 |
| (d)No. of complaints pending at the end of the year | 9 |

## 47. Disclosure on restructured standard advances :

During the year, the Company has restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan.

The details of the same are provided here below.

**Rs. in Lacs**

| | Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|---|
| Sr. No. | Asset Classification | | Standard | Substandard | Doubtful | Loss | Total |
| | Details | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 2 | Fresh Restructuring during the year | No. of Borrowers | 1 | - | - | - | 1 |
| | | Amount Outstanding | 446.15 | - | - | - | 446.15 |
| | | Provision thereon # | 31.87 | - | - | - | 31.87 |
| 3 | Up-gradations to restructured standard category during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 4 | Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 5 | Down gradations of restructured accounts during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |
| 6 | Write-offs of restructured accounts during the FY | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| 7 | Restructured Accounts as on March 31 of the FY (Closing Figures) | No. of Borrowers | | | | | |
| | | Amount Outstanding | | | | | |
| | | Provision thereon | | | | | |

Note : Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

# Represents higher provisioning and provision for diminution in fair value of Rs. 22.31 Lacs and Rs. 9.56 Lacs respectively.

**48.** During the year, the Company has incurred expenditure of Rs. 2374.07 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 28).

**49.** The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome is remote.

**50. Scheme of Amalgamation**

i) Scheme details and balance sheet position:

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the “Scheme”) between the Company and Mahindra Business & Consulting Services Private Ltd. (“MBCSPL”), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 (“the Appointed date”). The Scheme was approved by the Honourable High Court of judicature at Bombay (“the Court”) vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the ‘”Effective date”) on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of the MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relatable to the said business is transferred to and vested in and / or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme as under:

**Rs. in Lacs**

| **Particulars** | **As at April 1, 2014** |
|---|---|
| Assets | 1837.54 |
| Liabilities | 1837.54 |
| **Net amount adjusted in opening balance of surplus in the statement of profit and loss** | **529.87** |

ii) Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

iii) Accounting:

a) The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their existing carrying amount.

b) 1,00,000 Equity Shares of Rs.10/- each fully paid up in MBCSPL, held as investment by the Company stands cancelled and the difference, if any, is debited to opening balance of surplus in the statement of profit and loss (refer note no.3).

c) All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stands cancelled and there shall be no obligation/ outstanding in that behalf.

d) In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore the certain figures may not be exactly comparable with the previous year's figures.

**51. Changes in provisions**

**Rs. in Lacs**

| | **As at April 1, 2014** | **Additional Provisions** | **Utilizations/ Reversals** | **As at March 31, 2015** |
|---|---|---|---|---|
| Provision for Standard assets | 11625.00 | 1057.00 | - | 12682.00 |
| Provision for Non-performing assets | 63358.06 | 61506.02 | 28247.00 | 96617.08 |

**52.** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**53.** In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

**54.** Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**55. Managerial remuneration to Directors included in the Statement of profit and loss**

**Rs. in Lacs**

| | **Year ended March 31** | |
|---|---|---|
| | **2015** | **2014** |
| Salary and perquisites | 583.22 | 330.34 |
| Sitting fees and commission | 214.62 | 147.02 |
| Total | **797.84** | **477.35** |

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

**56.** Previous year figures have been regrouped / reclassified wherever found necessary

# For FY 2013-14:

**40. Contingent liabilities and commitments (to the extent not provided for)**

Rs. in Lacs

| | March 2014 |
|---|---|
| **i) Contingent liabilities** | |
| a) Demand against the Company not acknowledged as debts - | |
| - Income tax | 7476.70 |
| - Value Added Tax (VAT) | 60.92 |
| b) Corporate guarantees towards assignment transactions | 55631.29 |
| c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 46 (f)) | 4782.00 |
| d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company | 2726.48 |
| | 70677.39 |
| **ii) Commitments** | |
| a) Estimated amount of contracts remaining to be executed on capital account | 438.05 |
| b) Uncalled liability on shares and other investments partly paid | 2,190.00 |
| (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share) | |
| | 2628.05 |
| **Total** | **73305.44** |

**41.** The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

**42. Secured long-term borrowings**

## i) Secured non-convertible debentures

**As on 31st March, 2014**

Rs. in Lacs

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 9.25% - 10.25% | 44550.00 | - | 44550.00 |
| Maturing between 1 year to 3 years | 9.00% - 10.20% | 252470.00 | - | 252470.00 |
| Maturing within 1 year | 9.04% - 10.25% | - | 169020.00 | 169020.00 |
| **Total** | | **297020.00** | **169020.00** | **466040.00** |
| **2) Repayable in yearly installments:** | | | | |
| Maturing between 1 year to 3 years | 9.95% | 24500.00 | - | 24500.00 |
| Maturing within 1 year | 9.95% - 13.00% | - | 14500.00 | 14500.00 |
| **Total** | | **24500.00** | **14500.00** | **39000.00** |
| **Total at Face Value** | | **321520.00** | **183520.00** | **505040.00** |

| | | | | |
|---|---|---|---|---|
| Less : Unamortised discounting charges | | 1347.33 | 1111.82 | 2459.15 |
| **Total redemption Value, net of unamortized discounting charges** | | **320172.67** | **182408.18** | **502580.85** |

### ii) Secured term loans from banks

**As on 31st March, 2014**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **1) Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 10.20% | 25000.00 | - | 25000.00 |
| Maturing between 1 year to 3 years | 9.70% - 10.40% | 294000.00 | - | 294000.00 |
| Maturing within 1 year | 7.75% - 10.35% | - | 62500.00 | 62500.00 |
| **Total for repayable on maturity** | | **319000.00** | **62500.00** | **381500.00** |
| **2) Repayable in installments :** | | | | |
| **i) Bi-monthly** | | | | |
| Maturing between 1 year to 3 years | 10.25% | 6,200.00 | - | 6200.00 |
| Maturing within 1 year | - | - | - | - |
| **Total** | | **6200.00** | **-** | **6200.00** |
| **ii) Quarterly -** | | | | |
| Maturing between 3 years to 5 years | 10.00% - 10.25% | 27314.28 | - | 27314.28 |
| Maturing between 1 year to 3 years | 10.00% - 10.50% | 49814.28 | - | 49814.28 |
| Maturing within 1 year | 10.00% - 10.25% | - | 44505.15 | 44505.15 |
| **Total** | | **77128.56** | **44505.15** | **121633.71** |
| **iii) Half yearly -** | | | | |
| Maturing beyond 3 years | 10.25% | 81900.00 | - | 81,900.00 |
| Maturing between 1 year to 3 years | 10.20% - 10.25% | 321266.67 | - | 321266.67 |
| Maturing within 1 year | 10.20% - 10.25% | - | 144333.33 | 144333.33 |
| **Total** | | **403166.67** | **144333.33** | **547500.00** |
| **iv) Yearly -** | | | | |
| Maturing between 3 years to 5 years | 10.20% - 10.25% | 81666.67 | - | 81666.67 |
| Maturing between 1 year to 3 years | 10.20% - 10.25% | 73333.33 | - | 73333.33 |
| Maturing within 1 year | 9.25% - 10.25% | - | 55000.00 | 55000.00 |
| **Total** | | **155000.00** | **55000.00** | **210000.00** |
| **Total for repayable in installments** | | **641495.23** | **243838.48** | **885333.71** |
| **Total ( 1+2 )** | | **960495.23** | **306338.48** | **1266833.71** |

### iii) Foreign currency loans from banks

**As on 31st March 2014**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 1 year to 3 years | 9.05%-9.98% | 40305.51 | | 40305.51 |
| Maturing within 1 year | 9.60% | - | 11983.00 | 11983.00 |
| **Total** | | **40305.51** | **11983.00** | **52288.51** |

**43. Unsecured borrowings**

### i) Subordinated debts (long-term)

**As on 31st March 2014**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing between 3 years to 5 years | 10.50% - 12.00% | 7860.00 | - | 7860.00 |
| Maturing beyond 5 years | 9.50%-10.50% | 71550.00 | - | 71550.00 |
| **Total** | | **79410.00** | **-** | **79410.00** |

### ii) Unsecured term loans from banks

**As on 31st March 2014 :**

**Rs. in Lacs**

| | Rate range | (a) Non-current | (b) Current | Total |
|---|---|---|---|---|
| **Repayable on maturity :** | | | | |
| Maturing within 1 year | 9.75% | - | 2200.00 | 2200.00 |
| Maturing between 1 year to 3 years | 10% | 10,000.00 | - | 10000.00 |
| **Total** | | **10000.00** | **2200.00** | **12200.00** |

### iii) Inter-corporate deposits (ICDs)

**As on 31st March, 2014**

**Rs.in Lacs**

| | | | Long-term | | |
|---|---|---|---|---|---|
| | Rate range | (a) Short-Term | (b) Non-current | (c) Current | Total |
| **Repayable on maturity :** | | | | | |
| Maturing between 1 year to 3 years | 9.40% | - | 725.00 | - | 725.00 |
| Maturing within 1 year | 8.75% - 10.25% | 3565.00 | - | 50.00 | 3615.00 |
| **Total** | | **3565.00** | **725.00** | **50.00** | **4340.00** |

### iv) Fixed deposits

**As on 31st March, 2014**

**Rs.in Lacs**

| | Rate range | (a) Short-Term | Long-term (b) Non-current | Long-term (c) Current | Total |
|---|---|---|---|---|---|
| Maturing beyond 3 years | 9.4% - 10.25% | - | 7308.37 | - | 7308.37 |
| Maturing between 1 year to 3 years | 8.65% - 10.75% | - | 270554.77 | - | 270554.77 |
| Maturing within 1 year | 8.65% - 10.75% | 5931.15 | - | 76425.51 | 82356.66 |
| **Total** | | **5931.15** | **277863.14** | **76425.51** | **360219.80** |

**44. Short – term borrowings**

### i) Secured term loans from banks and cash credit facilities

**As on 31st March, 2014**

**Rs.in Lacs**

| | Rate range | Amount |
|---|---|---|
| **Repayable on maturity :** | | |
| Maturing within 1 year | 10.25% - 13.25% | 112732.21 |
| **Total** | | **112732.21** |

### ii) Commercial papers

**As on 31st March 2014 : Nil**

**45.** Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Rs. in Lacs**

| Sr No. | Particulars | March 2014 Amount Outstanding | March 2014 Amount Overdue |
|---|---|---|---|
| (1) | **Liabilities side :** | | |
| | **Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :** | | |
| | ( a ) Debentures : Secured | 524148.97 | - |
| | : Unsecured (other than falling within the meaning of public deposits) | - | - |
| | ( b ) Deferred Credits | - | - |
| | ( c ) Term Loans | 1334854.96 | - |

| | | | |
|---|---|---|---|
| | ( d ) Inter-corporate loans and Other Borrowings | 4414.76 | - |
| | ( e ) Commercial Paper | - | - |
| | ( f ) Public Deposits | 359500.62 | - |
| | ( g ) Fixed Deposits accepted from Corporates | 22023.38 | - |
| | ( h ) FCNR Loans | 52502.27 | - |
| | ( i ) Subordinate debt | 83663.23 | - |
| | ( j ) Other Short Term Loans and credit facilities from banks | 57232.21 | - |
| (2) | **Break-up of ( 1 ) ( f ) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :** | | |
| | ( a ) In the form of Unsecured debentures | - | - |
| | ( b ) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | - | - |
| | ( c ) Other public deposits | 359500.62 | - |

| | | March 2014 |
|---|---|---|
| | | **Amount outstanding** |
| (3) | **Asset side:** | |
| | **Break-up of Loans and Advances including bills receivables [ other than those included in (4) below ] :** | |
| | ( a ) Secured | 34048.00 |
| | ( b ) Unsecured | 144926.46 |
| (4) | **Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :** | |
| | ( i ) Lease assets including lease rentals under sundry debtors : | |
| | ( a ) Financial lease | - |
| | ( b ) Operating lease | - |

| | | |
|---|---|---|
| | ( ii ) Stock on hire including hire charges under sundry debtors : | |
| | ( a ) Assets on hire | - |
| | ( b ) Repossessed Assets | - |
| | ( iii ) Other loans counting towards AFC activities : | |
| | ( a ) Loans where assets have been repossessed | 8752.63 |
| | ( b ) Loans other than ( a ) above | 2705765.33 |
| **(5)** | **Break-up of Investments :** | |
| | Current Investments : | |
| | 1. Quoted : | |
| | ( i ) Shares : ( a ) Equity | |
| | ( b ) Preference | |
| | ( ii ) Debentures and Bonds | - |
| | ( iii ) Units of mutual funds | - |
| | ( iv ) Government Securities | - |
| | ( v ) Investments in Certificate of Deposits with Banks | - |
| | 2. Unquoted : | |
| | ( i ) Shares : ( a ) Equity | - |
| | ( b ) Preference | - |
| | ( ii ) Debentures and Bonds | - |
| | ( iii ) Units of mutual funds | - |
| | ( iv ) Government Securities | - |
| | ( v ) Certificate of Deposits with Banks | 24289.13 |

| | | |
|---|---|---|
| | ( vi ) Commercial Papers | 10000.00 |
| | <u>Long Term Investments :</u> | |
| | 1. Quoted : | |
| | ( i ) Shares : ( a ) Equity | - |
| | ( b ) Preference | - |
| | ( ii ) Debentures and Bonds | - |
| | ( iii ) Units of mutual funds | - |
| | ( iv ) Government Securities | 37895.56 |
| | 2. Unquoted : | |
| | ( i ) Shares : ( a ) Equity | 14032.03 |
| | ( b ) Preference | - |
| | ( ii ) Debentures and Bonds | 700.00 |
| | ( iii ) Units of mutual funds | - |
| | ( iv ) Government Securities | - |

**(6)** **Borrower group-wise classification of assets finance as in (3) and (4) above :**

| Category | March 2014 | | |
|---|---|---|---|
| | Amount net of provisions | | |
| | Secured | Unsecured | Total |
| 1.Related Parties | | | |
| a)Subsidiaries | - | 1361.61 | 1361.61 |
| b) Companies in the same group | - | 1091.74 | 1091.74 |
| c) Other related parties | - | - | - |
| 2.Other than related parties | 2748565.96 | 142473.11 | 2891039.07 |
| *Total* | 2748565.96 | 144926.46 | 2893492.42 |

| (7) | **Investor group-wise classification of all investments ( current and long term ) in shares and securities ( both quoted and unquoted ) :** | | |
|---|---|---|---|
| | | March 2014 | |
| | Category | Market Value/ Break up or fair value or NAV | Book Value (Net of Provisions) |
| | 1. Related Parties | | |
| | a) Subsidiaries | 6943.98 | 6943.98 |
| | b) Companies in the same group | 7788.05 | 7788.05 |
| | c) Other related parties | - | - |
| | 2. Other than related parties | 70794.00 | 72184.69 |
| | Total | 85,526.03 | 86,916.72 |

| **(8) Other information :** | March 2014 |
|---|---|
| Particulars | Amount |
| ( i ) Gross Non-Performing Assets : | |
| *( a ) Related parties* | 447.71 |
| *( b ) Other than related parties* | 140121.41 |
| ( ii ) Net Non-Performing Assets : | |
| *( a ) Related parties* | - |
| *( b ) Other than related parties* | 57564.17 |
| ( iii ) Assets acquired in satisfaction of debt : | - |

**46. Changes in provisions**

**Rs. in Lacs**

| | **March 2013** | **Additional Provisions** | **Utilizations/ reversals** | **March 2014** |
|---|---|---|---|---|
| Provision for Standard assets | 9515.00 | 2110.00 | - | 11625.00 |
| Provision for Non-performing assets | 38871.36 | 40757.25 | 16270.55 | 63358.06 |

**47.** During the current financial year, the Company has incorporated Mahindra Trustee Company Private Limited (MTCPL) and has proposed to subscribe 49,998 equity shares of Rs. 10/- each amounting to Rs. 4.99 Lacs being 99.99% of the shareholding as a promoter shareholder. However, the Company has not made any investment during the year in MTCPL.

**48.** Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

**49.** In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

**50.** Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

**51. Managerial remuneration to Directors included in the Statement of profit and loss**

**Rs. in Lacs**

| | **March 2014** |
|---|---|
| Salary and perquisites | 197.06 |
| Contribution to provident fund and other funds | 13.20 |
| Sitting fees and commission (including commission to Managing Director) | 147.02 |
| | |
| **Total** | **357.27** |

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available. Further, perquisites do not include amortisation of Employees Stock Options.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

For & On Behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

**Milind Ranade**
*Partner*

Membership No. 100564

**Ramesh Iyer**
Vice Chairman & Managing Director

[DIN: 00220759]

**V Ravi**
Executive Director & Chief Financial Officer

[DIN: 00307328]

Mumbai
5 November 2018

**Annexure VI: "Statement of dividend"**

**Rs. in lakhs**

| Particulars | For the year ended | | | | |
|---|---|---|---|---|---|
| | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 |
| Dividend declared on equity shares | 24,710.60 | 13,650.36 | 22,750.60 | 22,750.60 | 21,613.07 |
| Dividend distribution tax paid on equity shares | 4,667.83 | 2,446.94 | 4,376.27 | 4,424.02 | 3,544.75 |
| Dividend per equity share (Rs.) | 4.00 | 2.40 | 4.00 | 4.00 | 3.80 |

**For and on behalf of**
**Mahindra & Mahindra Financial Services Limited**

Authorised Signatory

**Annexure VII: "Statement of Accounting Ratios"**

Rs. in lakhs, unless stated otherwise

| Particulars | For the year ended | | | | |
|---|---|---|---|---|---|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 |
| **Return on Net Worth :** | | | | | |
| Average Net Worth# | 7,16,446.02 | 6,25,959.26 | 5,85,986.62 | 5,37,098.89 | 4,76,825.81 |
| Profit After Tax | 89,188.43 | 40,023.49 | 67,259.60 | 83,177.59 | 88,722.75 |
| **Return on Net Worth Ratio** | **12.4%** | **6.4%** | **11.5%** | **15.5%** | **18.6%** |
| **Net Asset Value per Equity Share:** | | | | | |
| Total Shareholders' Funds | 9,30,308.72 | 6,47,724.42 | 6,08,810.73 | 5,66,940.90 | 5,09,421.60 |
| Less : Deferred tax assets and Intangible assets | 80,117.20 | 73,474.62 | 59,082.94 | 41,992.21 | 32,000.74 |
| | 8,50,191.52 | 5,74,249.80 | 5,49,727.79 | 5,24,948.69 | 4,77,420.86 |
| No. of Equity shares | 61,77,64,960 | 56,87,64,960 | 56,87,64,960 | 56,87,64,960 | 56,87,64,960 |
| **Net Asset Value per Equity Share (Rs.)** | **137.6** | **101.0** | **96.7** | **92.3** | **83.9** |
| **Debt/Equity ratio :** | | | | | |
| **Debt -** | | | | | |
| Long term borrowings | 23,81,608.15 | 21,41,240.07 | 17,29,082.91 | 14,73,545.78 | 16,88,971.55 |
| Short term borrowings | 6,08,489.86 | 5,79,021.57 | 4,29,893.60 | 4,81,666.95 | 1,24,428.36 |
| Current maturities for long term borrowings | 9,51,561.47 | 7,33,575.05 | 7,75,801.62 | 6,60,320.79 | 5,77,205.17 |
| **Total Debt** | **39,41,659.48** | **34,53,836.69** | **29,34,778.13** | **26,15,533.52** | **23,90,605.08** |
| **Equity -** | | | | | |
| Share capital | 12,289.54 | 11,300.83 | 11,292.03 | 11,282.81 | 11,270.50 |
| Reserves and Surplus | 9,18,019.18 | 6,36,423.59 | 5,97,518.70 | 5,55,658.09 | 4,98,151.10 |
| **Total Equity** | **9,30,308.72** | **6,47,724.42** | **6,08,810.73** | **5,66,940.90** | **5,09,421.60** |
| **Debt/Equity ratio** | **4.2:1** | **5.3:1** | **4.8:1** | **4.6:1** | **4.7:1** |

**Note:**

# Average Net Worth is defined as simple average of aggregate of amount of Share Capital, Reserves and Surplus, Share capital and Securities premium pertaining to shares issued to Employee Stock Option Trust but remained unallotted and reduced by the amount of Compensation amortized to Statement of Profit and Loss on Employee stock options Outstanding as at opening and closing date for respective reporting dates.

**For and on behalf of**
**Mahindra & Mahindra Financial Services Limited**

Authorised Signatory

**Annexure VIII - Capitalization Statement showing details of borrowings and shareholder's funds**

*Rs in lacs*

| Particulars | For the year ended |
|---|---|
| | 31-Mar-18 |
| Share capital | 12,289.54 |
| Reserves and Surplus | 918,019.18 |
| **Total Shareholders' Funds (A)** | **930,308.72** |
| | |
| Long term borrowings | 2,381,608.15 |
| Short term borrowings | 608,489.86 |
| Current maturities for long term borrowings | 951,561.47 |
| **Total Debt Funds (B)** | **3,941,659.48** |
| **Total Capitalisation (A) + (B)** | **5,501,710.81** |

**For and on behalf of**
**Mahindra & Mahindra Financial Services Limited**

Authorised Signatory

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

To

Board of Directors of
Mahindra & Mahindra Financial Services Limited

We have reviewed the accompanying statement of unaudited standalone financial results of Mahindra & Mahindra Financial Services Limited (the 'Company') for the quarter ended 30 September 2018 and the year-to-date results for the period from 1 April 2018 to 30 September 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). Attention is drawn to the fact that the figures for the corresponding quarter ended 30 September 2017 and the corresponding year-to-date from 1 April 2017 to 30 September 2017, including the reconciliation of profit under Ind AS of the corresponding quarter and corresponding year to date with profit reported under previous GAAP, as reported in these financial results have been approved by company's Board of Directors but have not been subjected to review. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Listing Regulations and SEBI circular dated 5 July 2016 in this regard including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.101248W/W-100022

**Venkataramanan Vishwanath**
*Partner*
Membership No. 113156

Place: Mumbai
Date: 24 October 2018

## Mahindra & Mahindra Financial Services Limited

CIN : L65921MH1991PLC059642

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001. Tel. No. +91 22 22895500 Fax: +91 22 22875485
Corporate Office: Mahindra Towers, 4th Floor, Dr. G.M. Bhosale Marg, Worli, Mumbai 400 018. Tel. No. +91 22 66526000 Fax: +91 22 24984170 / 71
Website : www.mahindrafinance.com , Email : investorhelpline_mmfsl@mahindra.com

### STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2018

Rs. in Lakhs

| | Particulars | Quarter ended | | | Half year ended | |
|---|---|---|---|---|---|---|
| | | 30 September 2018 | 30 June 2018 | 30 September 2017 | 30 September 2018 | 30 September 2017 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| 1 | Revenue from Operations | 2,10,326.97 | 1,92,583.62 | 1,51,736.32 | 4,02,910.59 | 3,01,540.53 |
| 2 | Other Income | 4,509.96 | 1,383.72 | 2,212.76 | 5,893.68 | 3,280.69 |
| 3 | **Total Income (1+2)** | **2,14,836.93** | **1,93,967.34** | **1,53,951.08** | **4,08,804.27** | **3,04,821.22** |
| 4 | **Expenses:** | | | | | |
| | a) Employee benefits expense | 24,098.20 | 26,344.45 | 18,676.54 | 50,442.65 | 36,267.41 |
| | b) Finance costs | 93,665.94 | 84,875.79 | 73,441.24 | 1,78,541.73 | 1,46,971.01 |
| | c) Depreciation and amortization expense | 1,448.16 | 1,326.74 | 1,066.99 | 2,774.90 | 2,173.22 |
| | d) Loan loss provisions and write off | 23,111.54 | 29,383.63 | 22,365.38 | 52,495.16 | 35,054.82 |
| | e) Other expenses | 16,933.25 | 10,816.57 | 13,340.09 | 27,749.82 | 25,386.87 |
| | **Total expenses** | **1,59,257.09** | **1,52,747.18** | **1,28,892.24** | **3,12,004.26** | **2,45,853.33** |
| 5 | **Profit before exceptional items and tax (3-4)** | **55,579.84** | **41,220.17** | **25,058.84** | **96,800.01** | **54,965.89** |
| 6 | Exceptional items | - | - | - | - | - |
| 7 | **Profit before tax (5+6)** | **55,579.84** | **41,220.17** | **25,058.84** | **96,800.01** | **54,965.89** |
| 8 | **Tax expense** | | | | | |
| | - Current tax | 22,449.21 | 12,292.67 | 6,218.00 | 34,742.08 | 9,787.45 |
| | - Deferred tax | (5,008.64) | 2,022.21 | 2,439.29 | (2,986.43) | 8,640.52 |
| | | **17,440.57** | **14,315.08** | **8,657.29** | **31,755.65** | **18,427.97** |
| 9 | **Profit for the period from continuing operations (7-8)** | **38,139.27** | **26,905.09** | **16,401.54** | **65,044.36** | **36,537.92** |
| 10 | **Profit from discontinued operations** | - | - | - | - | - |
| 11 | Tax expense of discontinued operations | - | - | - | - | - |
| 12 | **Profit from discontinued operations (after tax) (10-11)** | - | - | - | - | - |
| 13 | **Profit for the period (9+12)** | **38,139.27** | **26,905.09** | **16,401.54** | **65,044.36** | **36,537.92** |
| 14 | **Other Comprehensive Income** | | | | | |
| | A) (i) Items that will not be reclassified to profit or loss | 137.99 | (488.06) | 68.00 | (350.07) | (126.63) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | (48.22) | 170.55 | (23.54) | 122.33 | 43.82 |
| | B) (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| | **Other Comprehensive Income / (loss) (net of tax)** | **89.77** | **(317.51)** | **44.46** | **(227.74)** | **(82.81)** |
| 15 | **Total Comprehensive Income (after tax) (13+14)** | **38,229.04** | **26,587.58** | **16,446.00** | **64,816.62** | **36,455.11** |
| 16 | **Earnings per equity share (face value of Rs.2/- each) #** | | | | | |
| | a) Basic ( Rs.) | 6.21 | 4.38 | 2.90 | 10.58 | 6.47 |
| | b) Diluted ( Rs.) | 6.20 | 4.37 | 2.90 | 10.57 | 6.45 |

*# Earnings per share for the interim period is not annualised.*

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Chartered Accountants

Mahindra & Mahindra Financial Services Limited
Mumbai

UNAUDITED STANDALONE BALANCE SHEET

Rs. In Lakhs

| | Particulars | As at 30 September 2018 |
|---|---|---|
| A | ASSETS | |
| 1 | NON-CURRENT ASSETS | |
| | a) Property, Plant and Equipment | 11,565.54 |
| | b) Capital work-in-progress | - |
| | c) Other Intangible assets | 2,706.68 |
| | d) Financial assets | |
| | (i) Investments | 1,53,522.77 |
| | (ii) Loans | 29,28,171.76 |
| | (iii) Other financial assets | 4,244.90 |
| | e) Deferred tax assets (net) | 65,853.57 |
| | f) Income tax assets (net) | 14,666.36 |
| | g) Other non-current assets | 4,140.83 |
| | | 31,84,892.41 |
| 2 | CURRENT ASSETS | |
| | a) Financial assets | |
| | (i) Investments | 94,977.34 |
| | (ii) Trade receivables | 310.01 |
| | (iii) Cash and cash equivalents | 22,425.12 |
| | (iv) Bank balances other than Cash and cash equivalents | 12,713.40 |
| | (v) Loans | 26,19,986.51 |
| | (vi) Other financial assets | 5,470.52 |
| | b) Other current assets | 6,521.35 |
| | | 27,62,404.25 |
| | TOTAL ASSETS | 59,47,296.66 |
| B | EQUITY AND LIABILITIES | |
| 1 | EQUITY | |
| | a) Equity Share capital | 12,291.44 |
| | b) Other equity | 9,85,687.12 |
| | | 9,97,978.56 |
| 2 | LIABILITIES | |
| | NON-CURRENT LIABILITIES | |
| | a) Financial liabilities | |
| | (i) Borrowings | 27,07,306.28 |
| | (i) Other financial liabilities | 40,633.34 |
| | b) Provisions | 6,466.77 |
| | c) Other non-current liabilities | 1,374.71 |
| | | 27,55,781.10 |
| | CURRENT LIABILITIES | |
| | a) Financial liabilities | |
| | (i) Borrowings | 9,04,365.76 |
| | (ii) Trade payables | 90,192.76 |
| | (iii) Other financial liabilities | 11,76,869.25 |
| | b) Other current liabilities | 10,460.15 |
| | c) Provisions | 7,793.97 |
| | d) Current tax liabilities (net) | 3,835.09 |
| | | 21,93,537.00 |
| | TOTAL EQUITY AND LIABILITIES | 59,47,296.66 |

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Chartered Accountants
Mumbai - 400 011
India.

Mahindra & Mahindra Financial Services Limited
Mumbai

**Notes:**

1) The financial results 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 by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - Interim Financial Reporting, prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

   This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the Reserve Bank of India ("the RBI") and other generally accepted accounting principles in India (collectively referred to as "the Previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding adjustments pertaining to comparative previous period / quarter as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

   These financial results have been drawn up on the basis of Ind AS that are applicable to the Company effective from April 2018 based on the Press Release issued by the Ministry of Corporate Affairs ("MCA") on 18 January 2016. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2) In compliance with Regulation 33 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, a limited review of financial results for the quarter and half year ended 30 September 2018 has been carried out by the Statutory Auditors.

   As permitted under circular no. CIR/CFD/FAC/62/2016 dated 5 July 2016 issued by SEBI, the Company has opted to avail exemption for submission of Ind AS compliant financial results and Balance sheet for the previous year ended 31 March 2018 and Balance sheet for the corresponding half year ended 30 September 2017. Further, the financial results for the quarter and half year ended 30 September 2017 have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results for the quarter and half year ended 30 September 2017 provide a true and fair view of the Company's affairs.

3) As required by paragraph 32 of Ind AS 101, the profit reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS is as under:

Rs. in Lakhs

| | Quarter ended 30 September 2017 | Half year ended 30 September 2017 |
|---|---|---|
| **Profit after tax as reported under Previous GAAP** | 7,799.16 | 12,537.74 |
| Adjustments resulting in increase/(decrease) in profit after tax as reported under Previous GAAP : | | |
| i) Impact on recognition of financial assets and financial liabilities at amortised cost by application of Effective Interest Rate method | (4,939.00) | (12,196.72) |
| ii) Impact on application of Expected Credit Loss method for loan loss provisions | 19,410.17 | 48,983.66 |
| iii) Impact on recognition of securitised loan portfolio (de-recognised in Previous GAAP) | (1,191.77) | (210.53) |
| iv) Reclassification of actuarial loss to Other Comprehensive Income | (68.00) | 126.63 |
| v) Others | (56.26) | (1.05) |
| vi) Tax impact on above adjustments | (4,552.74) | (12,701.83) |
| **Profit after tax as reported under Ind AS** | 16,401.54 | 36,537.92 |
| Other Comprehensive Income / (loss) (net of tax) | 44.46 | (82.81) |
| **Total Comprehensive Income (after tax) as reported under Ind AS** | 16,446.00 | 36,455.11 |

4) The Company has opted to publish only Standalone financial results, pursuant to option made available as per Regulation 33 (3) (b) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5) The above financial results for the quarter and half year ended 30 September 2018 along with restated comparative period have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 24 October 2018.

6) There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

7) All secured NCD's issued by the Company are secured by pari-passu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured NCD's.

8) During the quarter ended 30 June 2018 and half year ended 30 September 2018, the Company has made following investments:

   i) Rs.963.21 lakhs equivalent to US $ 1.44 million (quarter ended 30 June 2017 and half year ended 30 September 2017: Rs.1,259.15 Lakhs equivalent to US $ 1.96 million) in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States.

   There is no consequent change in the Company's shareholding pattern.

   ii) Rs.2,000.00 lakhs (quarter ended 30 June 2017 and half year ended 30 September 2017: Rs.1,000.00 lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 200,00,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

Date : 24 October 2018
Place : Mumbai

Mahindra & Mahindra Financial Services Limited Mumbai

B S R & Co. LLP Chartered Accountants Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India.

**SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS**

| Topic | Indian GAAP | Ind AS |
|---|---|---|
| Presentation of Financial Statements | **Other Comprehensive Income:**<br><br>There is no concept of 'Other Comprehensive Income' under Indian GAAP. | **Other Comprehensive Income:**<br><br>Under Ind AS 1 there is a concept of Other Comprehensive Income ("**OCI**"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind AS. Such recognition of income and expenses in OCI is primarily governed by the income recognition norms and classification of financial instruments and assets as "Fair Value through OCI". |
| | **Extraordinary items:**<br><br>Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.<br><br>Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity. | **Extraordinary items:**<br><br>Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited. |
| | **Change in Accounting Policies:**<br><br>Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.<br><br>If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed. | **Change in Accounting Policies:**<br><br>Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise. |
| Deferred Taxes | Under Indian GAAP, the Company determines deferred tax to be recognised in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements. | As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.<br><br>Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments. |

| Topic | Indian GAAP | Ind AS |
|---|---|---|
| Property, plant and equipment – reviewing, depreciation and residual value | Under Indian GAAP, the Company currently provides depreciation over the useful lives of the assets estimated by the Management. | Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively.<br><br>Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS. |
| Accounting for Employee benefits | Currently, under Indian GAAP the Company recognises all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability. | Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and remeasurements.<br><br>Changes due to service cost and net interest cost/ income need to be recognised in the income statement and the changes arising out of re-measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognised directly in OCI and not reclassified to profit and loss in the subsequent period. |
| Separate Financial Statements | Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term | Accounting for investments in subsidiaries is governed by Ind AS 27 which gives an option to account the same at cost or in accordance with Ind AS 109 |
| Provisions,contingent liabilities and contingent assets | Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted | Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material. |
| Share based payments | Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation. The intrinsic value for the company was nil. | Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit and Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings. |
| Presentation and classification of Financial Instruments and subsequent measurement | Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost | Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortised cost or measured at fair value. Where assets |

| Topic | Indian GAAP | Ind AS |
|---|---|---|
| | less any diminution other than temporary in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value.<br><br>Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited.<br><br>Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognised upfront in the Statement of Profit and Loss. | are measured at fair value, gains and losses are either recognised entirely in profit or loss,<br><br>(FVTPL), or recognised in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortised cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.<br><br>Loan processing fees and/or fees of similar nature would be measured and recognised using the Effective Interest Rate (EIR) method over the period of loan.<br><br>There are two measurement categories for financial liabilities – FVTPL and amortised cost.<br><br>Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive. |
| Financial<br><br>Instruments -<br><br>Impairment | Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc. | The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts. |
| Financial Instruments - Disclosure | Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements:<br><br>• Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date;<br><br>• The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and<br><br>The foreign currency exposures that are not hedged by a derivative instrument or otherwise. | Requires disclosure of information about the nature and extent of risks arising from financial instruments:<br><br>• qualitative disclosures about exposures to each type of risk and how those risks are managed; and<br><br>• quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis). |
| Segment Reporting | Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with | Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision |

| Topic | Indian GAAP | Ind AS |
|---|---|---|
| | the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. | maker in deciding how to allocate resources and in assessing performance. |
| Consolidated Financial Statements | Under Indian GAAP the consolidation is driven by the reporting entity's control over its investees namely subsidiaries, associates and joint ventures.<br><br>Control is:<br><br>(a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity; or<br>(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities.<br><br>Therefore, a mere ownership of more than 50% of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind AS. | Control is based on whether an investor has:<br><br>(a) power over the investee;<br><br>(b) exposure, or rights, to variable return from its involvement with the investee; and<br><br>(c) the ability to use its power over the investee to affect the amounts of the returns. |
| Consolidation - Exclusion of subsidiaries, associates and joint ventures | Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/investment/interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venturer. | Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for "temporary control", "different lines of business" or "subsidiary / associate / joint venture that operates under severe long- term funds transfer restrictions". |
| Consolidation – Joint Ventures | Under Indian GAAP, Proportionate consolidation method is applied when the entity prepares consolidated financial statements. | The equity method, as described in Ind AS 28 is applied when the entity prepares consolidated financial statements. |

## FINANCIAL INDEBTEDNESS

The outstanding borrowings of the Company as on September 30, 2018 are as follows:

| Sr. No. | Nature of Borrowing | Amount (₹ in lakhs) |
|---|---|---|
| 1. | Secured Borrowings | 31,52,201.81 |
| 2. | Unsecured Borrowings | 14,97,368.15 |
| **TOTAL BORROWINGS** | | **46,49,569.96** |

Set forth below, is a summary of the borrowings by our Company as at September 30, 2018 together with a brief description of certain significant terms of such financing arrangements.

**Details of Secured Borrowings**

As on September 30, 2018, our Company's secured term loans (including FCNR term loans of Rs. 92,855.21 lakhs) amount to Rs.14,28,672.31 lakhs. The working capital demand loans amount to Rs. 66,400 lakhs. The details of the borrowings are set out below:

**Term Loans from Banks*:**

***(₹ in lakhs)***

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| 1. | Allahabad Bank | 30,000.00 | 10,000.00 | December 27, 2018 | To be repaid in three equal yearly installments after moratorium period of two years. |
| 2. | Axis Bank | 25,000.00 | 25,000.00 | December 31, 2018 | Bullet payment at the end of 2 years from the date of first disbursement.<br>No prepayment within 12 months from the date of first disbursement. Option with the Borrower to prepay after one year only if there is an upward revision in the rate of interest. In this case, the Borrower shall have an option to repay the facility within 15 days written notice without any prepayment charges. |
| | | 25,000.00 | 25,000.00 | March 9, 2019 | Bullet payment at the end of 2 years from the date of first disbursement.<br><br>No prepayment within 12 months from the date of first disbursement. The borrower can prepay the loan after a period of one year only if there is an upward revision in the rate of interest with 15 days' prior notice without any prepayment charges. |
| | | 50,000.00 | 50,000.00 | March 26, 2020 | Bullet payment at the end of 2 years from the date of first disbursement. |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | 30,000.00 | 30,000.00 | August 31, 2020 | Bullet payment at the end of 2 years from the date of first disbursement. |
| 3. | Bank of Baroda | 30,000.00 | 10,000.00 | March 28, 2019 | Repayment, from the date of first drawdown, to be made as per following:<br>i. Rs.10,000.00 at the end of 36 months;<br>ii. Rs.10,000.00 at the end of 48 months; and<br>iii. Rs.10,000.00 at the end of 60 months. |
| 4. | Bank of India | 50,000.00 | 50,000.00 | March 30, 2020 | The borrower shall repay the principal amount of loan in two equal instalments at the end of 2.5 years and 3 years from the date of first disbursement. The door to door tenor of the facility is 36 months. |
| | | 30,000.00 | 30,000.00 | March 31, 2021 | The borrower shall repay the principal amount of loan in two equal installments at the end of 2.5 years and 3 years from the date of first disbursement. The door to door tenor of the facility is 36 months. |
| 5. | Bank of Maharashtra | 50,000.00 | 50,000.00 | December 31, 2020 | Re-payment to be made in 3 equal installments on the following dates from the date of first disbursement:<br>i. At the end of 3rd year;<br>ii. At the end of 4th year; and<br>iii. At the end of 5th year. |
| 6. | Canara Bank | 50,000.00 | 37,500.00 | March 30, 2020 | Repayment to commence from the end of 18th month from the date of first disbursement and the entire principal amount shall be payable in 4 equal half yearly instalments i.e. end of 18th, 24th, 30th and 36th month.<br>The borrower shall have an option to prepay the facility without any prepayment charges. On any other date 7,other than the above, the borrower can prepay without prepayment penalty by giving a notice of 15 days. |
| 7. | Central Bank of India | 25,000.00 | 15,000.00 | | To be repaid in 3 annual instalments as follows: |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | December 31, 2019 | i. Rs.7,500 at the end of 3 years;<br>ii. Rs.7,500 at the end of 4 years; and<br>iii. Rs.10,000 at the end of 5 years.<br><br>Option to prepay on revision of base rate with no prepayment charges. |
| 8. | Dena Bank | 50,000.00 | 50,000.00 | March 27, 2021 | Repayment to be made in 3 instalments on the following dates from the date of first disbursement:<br>i. 15,000 at the end of 36th month;<br>ii. 15,000 at the end of 42nd month; and<br>iii. 20,000 at the end of 48th month.<br><br>The borrower is entitled to prepay the loan amount at the time of reset without any prepayment penalty/charges by giving 15 days' notice to the bank. |
| 9. | Federal Bank | 10,000.00 | 10,000.00 | August 29, 2020 | Repayment in 3 monthly installments after an initial moratorium of 32 months as follows<br><br>33rd Month- Rs. 3,333.33<br><br>34th Month- Rs. 3,333.33<br><br>35th Month- Rs. 3,333.34 |
| | | 5,000.00 | 5,000.00 | February 28, 2021 | Repayable in 3 equal installment of Rs.1666.67 on 12th, 24th and 35th months after an initial moratorium of 12 months. |
| | | 27,500.00 | 9821.43 | December 18, 2019 | Repayment to be made by equal quarterly instalments within a period of 4 years from drawdown date after initial moratorium of 6 months. |
| | | 35,000.00 | 15,000.00 | February 29, 2020 | Repayment to be made by equal quarterly instalments within a period of 4 years from drawdown date after initial moratorium of 6 months.<br>Provided however that the bank will be entitled to demand |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | | immediate repayment of the loan amount if any instalment of interest/loan instalment remains unpaid on the due date for payment thereof. |
| | | 10,000.00 | 57,14.29 | September 30, 2020 | Repayable within a period of 4 years from the drawdown date by equal quarterly instalments after initial moratorium of 6 months. |
| | | 10,000.00 | 6,428.57 | December 31, 2020 | Repayable by equal quarterly instalments after initial moratorium of 6 months. |
| | | 40,000.00 | 28,571.43 | March 27, 2021 | Repayment by equal quarterly instalments after initial moratorium of 6 months.<br><br>Prepayment penalty of 2% of the overall amount. No prepayment charges if facility paid at the time of revision in the MCLR rate. |
| | | 10,000.00 | 8,571.43 | August 31, 2021 | Repayment by equal quarterly installments after initial moratorium of 6 months. |
| | | 15,000.00 | 13,928.57 | December 29, 2021 | Repayment by equal quarterly installments after initial moratorium of 6 months. |
| | | 25,000.00 | 25,000.00 | March 31, 2022 | Repayment by equal quarterly installments after initial moratorium of 6 months. |
| | | 20,000.00 | 20,000.00 | July 30, 2022 | Repayment by equal quarterly installments after initial moratorium of 6 months. |
| 10. | ICBC | 8,000.00 | 8,000.00 | June 12, 2020 | Bullet Repayment at the end of 24 months from the date of first drawdown. |
| 11. | ICICI Bank | 50,000.00 | 24,000.00 | December 29, 2018 | Repayment to be done as per following:<br>i. 20% by last day of 24th month; and<br>ii. 80% by last day of 36th month.<br>Bullet repayment at the end of 24th month for FCNR - B. |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | | Option with the borrower to prepay the amount by giving 30 days' notice with no prepayment penalty in case prepayment is made from internal accruals or from any capital infusement by the promoters. In all other cases, borrower to pay a prepayment penalty of 0.5% unless specifically waived. |
| | | 26,000.00 | 16,000.00 | March 28, 2021 | Repayment to be done as per following:<br><br>First Repayment date : 20% by last day of 24th month; and<br>Second Repayment date: 80% by last day of 36th month.<br>The calculation of the month shall start from each drawdown date. |
| | | Sublimit of 26,000.00 above | 10,000.00 | May 22, 2021 | Repayment to be done as per following:<br><br>First Repayment date : 20% by last day of 24th month; and<br>Second Repayment date: 80% by last day of 36th month.<br>The calculation of the month shall start from each drawdown date. |
| | | 75,000.00 | 50,000.00 | August 2, 2021 | Repayment to be done as per following:<br><br>First Repayment date : 20% by last day of 24th month; and<br>Second Repayment date: 80% by last day of 36th month.<br>The calculation of the month shall start from each drawdown date. |
| | | Sublimit of 75,000.00 above | 25,000.00 | August 7, 2021 | Repayment to be done as per following:<br><br>First Repayment date: 20% by last day of 24th month; and<br>Second Repayment date: 80% by last day of 36th month. |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | | The calculation of the month shall start from each drawdown date. |
| 12. | Karnataka Bank | 20,000.00 | 20,000.00 | May 29, 2021 | Repayable in 8 quarterly installments of Rs. 2,500.00 after an initial moratorium holiday period of 11 months. Door to door tenure of the loan is 35 months |
| 13. | Kotak Mahindra Bank | 15,000.00 | 14,000.00 | March 31, 2020 | Bullet repayment at the end of the 3 years from date drawdown.<br><br>Option with the borrower to prepay the facility without any prepayment penalty/charges on the interest reset dates. |
| 14. | Micro Units Development and Refinance Agency Limited | 25,000.00 | 25,000.00 | January 10, 2021 | The loan shall be repayable by the borrower in 5 equal half yearly instalments of Rs.5,000.00 each, after an initial moratorium of 12 months from the date of first drawdown of the loan. |
| 15. | Oriental Bank of Commerce | 20,000.00 | 5,000.00 | December 27, 2018 | To be repaid in 4 half yearly installments:<br>i. At the end of 42 months from the date of first disbursement;<br>ii. At the end of 48 months from the date of first disbursement;<br>iii. At the end of 54 months from the date of first disbursement; and<br>iv. At the end of 60 months from the date of first disbursement. |
| 16. | Punjab National Bank | 40,000.00 | 16,667 | February 28, 2019 | Door to door tenure of the loan is 35 months. Repayment to be made in six quarterly instalments with 18 months moratorium from the date of first disbursement.<br><br>In case of increase in the base rate the borrower has an option to prepay the facility with 7 days' prior notice within a period of 1 month without any |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | | prepayment penalty/charges. In all other cases, prepayment penalty to be charged at 1% of outstanding. |
| | | 1,00,000.00 | 1,00,000.00 | September 25, 2022 | 8 Equal Quarterly installments of Rs. 125 crores each payable after 24 months moratorium from the date of 1st disbursement. |
| 17. | Shinhan Bank | 5,000.00 | 5,000.00 | June 1, 2021 | Repayable in 10 equal quarterly installments after moratorium period of 6 months from the date of first disbursement. |
| 18. | Small Industries Development Bank of India | 75,000.00 | 75,000.00 | January 10,2023 | The loan shall be repayable by the borrower in 15 quarterly instalments of Rs. 5,000.00 each, after an initial moratorium of 18 months from the date of first drawdown of the loan (total tenure 60 months). |
| 19. | State Bank of India | 1,00,000.00 | 1,00,000.00 | March 22, 2023 | Repayment to be made in 4 equal half yearly installments of Rs. 25,000.00 from the date of first drawdown on the following dates:<br>i. At the end of 42 months;<br>ii. At the end of 48 months;<br>iii. At the end of 54 months; and<br>iv. At the end of 60 months. |
| | | 50,000.00 | 50,000.00 | February 28, 2021 | Repayment to be made in 4 consecutive half yearly installments of Rs.12,500.00 from the date of first drawdown on the following dates:<br>v. At the end of 42 months;<br>vi. At the end of 48 months;<br>vii. At the end of 54 months; and<br>viii. At the end of 60 months.<br><br>Option with the borrower to prepay the amount up to the date of pre-payment without any prepayment penalty/charges after giving 15 days' notice in advance. |
| 20. | Syndicate Bank | 50,000.00 | 20,000.00 | | To be repaid in 3 annual installment after a moratorium of 2 years from the date of first disbursement: |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| | | | | December 30, 2018 | i. Rs. 15,000.00 at the end of third year;<br>ii. Rs. 15,000.00 at the end of fourth year; and<br>iii. Rs. 20,000 at the end of fifth year.<br><br>Prepayment charges to be waived upto 15 days from the revision of base rate. Otherwise, prepayment penalty of 1% to be collected on the prepayment amount. |
| 21. | The Catholic Syrian Bank Ltd | 10,000.00 | 10,000.00 | February 27, 2022 | The loan amount shall be repaid in 2 annual installments of Rs. 5,000.00 each at the 36th month and 48th months from date of disbursal. |
| 22. | Union Bank of India | 50,000.00 | 50,000.00 | December 31, 2020 | Repayment to be made as below:<br>i. Rs. 15,000.00 at the end of 36 months;<br>ii. Rs. 15,000.00 at the end of 48 months; and<br>iii. Rs. 20,000.00 at the end of 60 months. |
| | | 50,000.00 | 50,000.00 | June 12, 2021 | R Repayment to be made as below:<br>i. Rs. 15,000.00 at the end of 36 months;<br>ii. Rs. 15,000.00 at the end of 48 months; and<br>iii. Rs. 20,000.00 at the end of 60 months. |
| | | 50,000.00 | 50,000.00 | June 13, 2022 | Repayment to be made as below:<br>i. Rs. 25,000.00 at the end of 36 months<br>ii. Rs. 25,000.00 at the end of 48 months |
| | **Total** | **14,71,500.00** | **12,54,202.72** | | |

**secured by an exclusive charge of book debts and receivables of our Company*

The total outstanding after Ind AS adjustment on account of effective interest rate (excluding securitization) is Rs. 12,53,459.77.

The Company has entered into securitization transactions with banks and as on 30 September 2018 has an outstanding of Rs. 82,357.33 lakhs.

The total outstanding after Ind AS adjustment on account of effective interest rate (including securitization) is Rs. 13,35,817.10 lakhs

**Secured FCNR Term Loans from Banks*:**

***(₹ in lakhs)***

| Sr. No. | Lender's Name | Amount Sanctioned | Amount Outstanding as on September 30, 2018 prior to MTM | Final Maturity Date | Repayment Schedule |
|---|---|---|---|---|---|
| 1. | Citibank | 27,500.00 | 27,500.00 | January 30, 2020 | Bullet Repayment at the end of 24 Months from the date of drawdown |
| | | 16,174.70 | 16,174.70 | February 27, 2020 | Bullet Repayment at the end of 24 Months from the date of drawdown |
| 2. | ICICI Bank | 50,000.00 | 25,000.00 | November 27, 2018 | At the end of 23rd month and 19 days from date the of respective drawdown –50%.<br><br>At the end of 24th month from the date of respective drawdown –50% |
| 3. | Kotak Mahindra Bank | 15,000.00 | 15,000.00 | August 30, 2019 | Bullet Repayment at the end of 24 Months from the date of drawdown |
| **TOTAL** | | **1,08,674.70** | **83,674.70** | | |

**Secured by exclusive charge on book debts and receivables of our Company*
*^ MTM = mark to market*

The total outstanding after Ind AS adjustment on account of Effective Interest Rate is Rs. 92,855.21 lakhs.

**Working Capital Demand Loans from Banks*:**

***(₹ in lakhs)***

| Sr. No. | Lender's Name | Amount Sanctioned | Amount outstanding as on September 30, 2018 | Maturity date | Repayment terms |
|---|---|---|---|---|---|
| 1. | Bank of Maharashtra | 9,900.00 | 9,900.00 | 5 October 2018 | Repayable after 29 days |
| 2. | Federal Bank | 7,500.00 | 7,500.00 | 11 September 2019 | Repayable after 363 days |
| 3. | Bank of Tokyo Mitsubishi UFJ Limited | 25,000.00 | 25,000.00 | 15 March 2019 | Repayable after 180 days |
| 4. | Societe Generale | 10,000.00 | 10,000.00 | 17 October 2018 | Repayable after 31 days |
| 5. | Societe Generale | 9,000.00 | 9,000.00 | 24 October 2018 | Repayable after 31 days |

| Sr. No. | Lender's Name | Amount Sanctioned | Amount outstanding as on September 30, 2018 | Maturity date | Repayment terms |
|---|---|---|---|---|---|
| 6. | Vijaya Bank | 5,000.00 | 5,000.00 | 26 October 2018 | Repayable after 31 days |
| | **Total** | **66,400.00** | **66,400.00** | | |

**secured by an exclusive / pari-passu charge on book debts and receivables of our Company*

**Secured Non-Convertible Debentures as on September 30, 2018**

Our Company has issued secured[$] redeemable non-convertible debenture of face value of Rs.10,00,000 each on a private placement basis of which Rs.16,25,915.07 lakhs is outstanding as on September 30, 2018, the details of which are set forth below. Redemption date represents actual maturity date and does not consider call/put option:

***(₹ in lakhs)***

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 1. | AW2013 | 5 years | 10.25% | 7,500.00 | October 8, 2013 | October 8, 2018 | CRISIL AA+ |
| 2. | AA2014 | 5 years | 9.95% | 1,000.00 | January 15, 2014 | January 15, 2019 | CRISIL AA+ |
| 3. | AB2014 | 5 years | 9.95% | 5,500.00 | January 16, 2014 | January 16, 2019 | CRISIL AA+ |
| 4. | AC2014 | 5 years | 9.90% | 500.00 | January 17, 2014 | January 17, 2019 | CRISIL AA+ |
| 5. | AJ2014# | 5 years | Zero Coupon (XIRR: 9.45%) | 4,000.00 | August 20, 2014 | August 20, 2019 | IND AAA |
| 6. | AK2014# | 5 years | Zero Coupon (XIRR: 9.46%) | 3,500.00 | September 5, 2014 | September 5, 2019 | IND AAA |
| 7. | AV2014# | 4 years and 363 days | 9.05% | 25,000.00 | November 10, 2014 | November 8, 2019 | IND AAA |
| 8. | AW2014# | 5 years | Zero Coupon (XIRR: 8.85%) | 11,500.00 | November 12, 2014 | November 12, 2019 | IND AAA |
| 9. | BA2014# | 5 years | Zero Coupon (XIRR: 8.65%) | 10,000.00 | December 4, 2014 | December 4, 2019 | IND AAA |
| 10. | BB2014 | 9 years and 364 days | 8.95% | 17,500.00 | December 15, 2014 | December 13, 2024 | IND AAA and |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| | | | | | | | CARE AAA |
| 11. | BC2014 | 4 years | Zero Coupon (XIRR: 8.85%) | 5,000.00 | December 17, 2014 | December 17, 2018 | IND AAA |
| 12. | AA2015# | 4 years and 361 days | Zero Coupon (XIRR: 8.92%) | 17,500.00 | January 20, 2015 | January 16, 2020 | IND AAA |
| 13. | AB2015 | 10 years | 8.79% | 25,000.00 | January 23, 2015 | January 23, 2025 | IND AAA and CARE AAA |
| 14. | AG2015 | 10 years | 8.70% | 5,500.00 | March 10, 2015 | March 10, 2025 | IND AAA and CARE AAA |
| 15. | AJ2015 | 10 years | 8.72% | 5,000.00 | March 24, 2015 | March 24, 2025 | IND AAA and CARE AAA |
| 16. | AT2015 | 10 years | 9.00% | 50,000.00 | April 22, 2015 | April 22, 2025 | IND AAA and CARE AAA |
| 17. | BP2015 | 10 years | 9.00% | 50,000.00 | June 24, 2015 | June 24, 2025 | IND AAA and CARE AAA |
| 18. | BQ2015 | 7 years | 8.95% | 9,700.00 | June 29, 2015 | June 29, 2022 | IND AAA and CARE AAA |
| 19. | BR2015 | 9 years and 363 days | 8.95% | 1,500.00 | June 29, 2015 | June 27, 2025 | IND AAA and CARE AAA |
| 20. | CI2015 | 3 years and 226 days | 8.782% | 10,000.00 | July 30, 2015 | March 13, 2019 | IND AAA |
| 21. | CM2015 | 5 years | 8.80% | 12,500.00 | August 6, 2015 | August 6, 2020 | IND AAA |
| 22. | CS2015 | 10 years | 8.75% | 25,000.00 | October 9, 2015 | October 9, 2025 | IND AAA and |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| | | | | | | | CARE AAA |
| 23. | CT2015 | 3 years and 363 days | 8.61% | 10,000.00 | October 13, 2015 | October 11, 2019 | IND AAA |
| 24. | CU2015 | 2 years and 352 days | 8.5941% | 2,500.00 | October 14, 2015 | October 1, 2018 | IND AAA |
| 25. | CY2015# | 5 years | 8.48% | 25,000.00 | October 30, 2015 | October 30, 2020 | IND AAA and CARE AAA |
| 26. | DB2015 | 3 years and 95 days | Zero Coupon (XIRR: 8.58%) | 5,000.00 | December 7, 2015 | March 12, 2019 | IND AAA |
| 27. | DC2015 | 3 years and 104 days | Zero Coupon (XIRR: 8.60%) | 4,000.00 | December 15, 2015 | March 29, 2019 | IND AAA |
| 28. | AA2016 | 3 years and 43 days | 8.7949% | 1,800.00 | February 11, 2016 | March 26, 2019 | IND AAA |
| 29. | AB2016 | 3 years and 100 days | 8.7840% | 1,250.00 | February 11, 2016 | May 22, 2019 | IND AAA |
| 30. | AC2016 | 3 years and 89 days | 8.80% | 10,000.00 | February 15, 2016 | May 15, 2019 | IND AAA |
| 31. | AD2016 | 3 years and 52 days | 8.7927% | 1,400.00 | February 16, 2016 | April 09, 2019 | IND AAA |
| 32. | AE2016 | 3 years and 39 days | 8.8377% | 1,400.00 | March 04, 2016 | April 12, 2019 | IND AAA |
| 33. | AF2016 | 3 years and 84 days | 8.8283% | 1,300.00 | March 04, 2016 | May 27 ,2019 | IND AAA |
| 34. | AG2016 | 3 years | 8.85% | 2,500.00 | March 08, 2016 | March 08, 2019 | IND AAA |
| 35. | AH2016 | 3 years and 32 days | 8.8396% | 1,500.00 | March 14, 2016 | April 15, 2019 | IND AAA |
| 36. | AI2016 | 3 years and 82 days | 8.8286% | 1,000.00 | March 14, 2016 | June 04, 2019 | IND AAA |
| 37. | AJ2016 | 3 years and 31 days | 8.8399% | 1,000.00 | March 15, 2016 | April 15, 2019 | IND AAA |
| 38. | AK2016 | 3 years and 25 days | 8.8417% | 2,200.00 | March 21, 2016 | April 15, 2019 | IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 39. | AL2016 | 3 years and 116 days | 8.8243% | 400.00 | March 21, 2016 | July 15, 2019 | IND AAA |
| 40. | AM2016 | 3 years and 31 days | 8.8399% | 1,100.00 | March 22, 2016 | April 22, 2019 | IND AAA |
| 41. | AN2016 | 3 years and 83 days | 8.825% | 800.00 | March 22, 2016 | June 13, 2019 | IND AAA |
| 42. | AO2016 | 5 years | 8.82% | 27,100.00 | March 29, 2016 | March 29, 2021 | IND AAA and CARE AAA |
| 43. | AP2016 | 3 years and 31 days | 8.75% | 17,500.00 | March 30, 2016 | April 30, 2019 | IND AAA and CARE AAA |
| 44. | AQ2016 | 3 years and 66 days | 8.8315% | 15,000.00 | March 31, 2016 | June 05, 2019 | IND AAA |
| 45. | AR2016 | 3 years and 153 days | 8.68% | 10,000.00 | 04-Apr-16 | 04-Sep-19 | IND AAA and CARE AAA |
| 46. | AS2016 | 2 years and 355 days | 8.6967% | 6,000.00 | 05-Apr-16 | 26-Mar-19 | IND AAA |
| 47. | AT2016 | 3 years | 8.70% | 5,400.00 | 05-Apr-16 | 05-Apr-19 | IND AAA |
| 48. | AU2016 | 2 years and 354 days | 8.6964% | 6,500.00 | 06-Apr-16 | 26-Mar-19 | IND AAA |
| 49. | AV2016 | 3 years and 9 days | 8.6969% | 3,500.00 | 06-Apr-16 | 15-Apr-19 | IND AAA |
| 50. | AW2016 | 3 years | 8.52% | 2,000.00 | 12-Apr-16 | 12-Apr-19 | IND AAA |
| 51. | AX2016 | 2 years and 362 days | 8.5990% | 600.00 | 14-Jun-16 | 11-Jun-19 | IND AAA |
| 52. | BE2016 | 3 years and 334 days | 8.48% | 7,000.00 | 28-Jul-16 | 26-Jun-20 | IND AAA |
| 53. | BF2016 | 2 years and 151 days | Zero Coupon (XIRR: 8.30%) | 10,000.00 | 29-Jul-16 | 27-Dec-18 | IND AAA |
| 54. | BI2016 | 2 years and 362 days | 8.2991% | 950.00 | 03-Aug-16 | 31-Jul-19 | IND AAA |
| 55. | BJ2016 | 3 years | 8.25% | 15,000.00 | 12-Aug-16 | 12-Aug-19 | IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 56. | BM2016 | 3 years | 8.25% | 12,500.00 | 23-Aug-16 | 23-Aug-19 | IND AAA |
| 57. | BN2016 | 2 years and 364 days | 8.25% | 10,000.00 | 24-Aug-16 | 23-Aug-19 | IND AAA |
| 58. | BP2016 | 2 years and 363 days | 8.05% | 5,000.00 | 01-Sep-16 | 30-Aug-19 | CARE AAA |
| 59. | BQ2016 | 3 years | 8.05% | 2,500.00 | 02-Sep-16 | 02-Sep-19 | IND AAA |
| 60. | BR2016 | 3 years and 152 days | 7.9801% | 5,000.00 | 08-Sep-16 | 07-Feb-20 | IND AAA |
| 61. | BS2016 | 2 years and 363 days | 7.9494% | 5,000.00 | 12-Sep-16 | 10-Sep-19 | IND AAA |
| 62. | BT2016 | 3 years and 1 days | Zero Coupon (XIRR: 7.95%) | 12,500.00 | 15-Sep-16 | 16-Sep-19 | CARE AAA |
| 63. | BU2016 | 3 years and 175 days | 7.9803% | 12,500.00 | 20-Sep-16 | 13-Mar-20 | IND AAA |
| 64. | BV2016 | 3 years | 7.95% | 5,000.00 | 23-Sep-16 | 23-Sep-19 | IND AAA |
| 65. | BW2016 | 2 years and 181 days | 7.87% | 10,000.00 | 28-Sep-16 | 28-Mar-19 | IND AAA |
| 66. | BX2016^ | 2 years and 363 days | 7.75% | 25,000.00 | 29-Sep-16 | 27-Sep-19 | IND AAA |
| 67. | BY2016 | 3 years | 7.81% | 1,000.00 | 04-Oct-16 | 04-Oct-19 | IND AAA |
| 68. | BZ2016 | 2 years and 131 days | 7.6314% | 5,000.00 | 06-Oct-16 | 14-Feb-19 | IND AAA |
| 69. | CA2016 | 2 years and 137 days | 7.6311% | 10,000.00 | 07-Oct-16 | 21-Feb-19 | IND AAA |
| 70. | CB2016 | 2 years and 161 days | 7.7678% | 25,000.00 | 10-Oct-16 | 20-Mar-19 | IND AAA |
| 71. | CC2016 | 2 years and 61 days | 7.6340% | 25,000.00 | 13-Oct-16 | 13-Dec-18 | IND AAA |
| 72. | CD2016 | 2 years and 68 days | 7.62% | 30,000.00 | 14-Oct-16 | 21-Dec-18 | IND AAA |
| 73. | CE2016 | 2 years | 7.53% | 20,000.00 | 21-Nov-16 | 21-Nov-18 | IND AAA |
| 74. | CF2016 | 3 years and 121 days | 7.53% | 7,500.00 | 25-Nov-16 | 25-Mar-20 | IND AAA |
| 75. | CG2016 | 3 years | 7.43% | 10,000.00 | 28-Nov-16 | 28-Nov-19 | IND AAA |
| 76. | CH2016 | 5 years | 7.50% | 2,000.00 | 29-Nov-16 | 29-Nov-21 | IND AAA and |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| | | | | | | | CARE AAA |
| 77. | CI2016 | 5 years | 7.50% | 7,500.00 | 30-Nov-16 | 30-Nov-21 | IND AAA |
| 78. | CJ2016 | 2 years and 184 days | 7.60% | 50,000.00 | 01-Dec-16 | 03-Jun-19 | IND AAA |
| 79. | AA2017 | 1 year and 363 days | 7.63% | 2,500.00 | 06-Jan-17 | 04-Jan-19 | IND AAA |
| 80. | AC2017 | 2 years | 7.63% | 5,000.00 | 10-Jan-17 | 10-Jan-19 | IND AAA |
| 81. | AD2017 | 2 years | 7.63% | 3,500.00 | 11-Jan-17 | 11-Jan-19 | IND AAA |
| 82. | AF2017 | 1 year and 364 days | 7.65% | 2,500.00 | 19-Jan-17 | 18-Jan-19 | CARE AAA |
| 83. | AG2017 | 2 years | 7.65% | 2,500.00 | 23-Jan-17 | 23-Jan-19 | IND AAA |
| 84. | AJ2017 | 3 years and 196 days | 7.69% | 2,500.00 | 31-Jan-17 | 14-Aug-20 | IND AAA |
| 85. | AK2017 | 2 years and 364 days | 7.72% | 2,500.00 | 01-Feb-17 | 31-Jan-20 | IND AAA |
| 86. | AL2017 | 3 years and 322 days | 7.8420% | 40,000.00 | 03-Feb-17 | 21-Dec-20 | IND AAA |
| 87. | AM2017 | 3 years and 31 days | 7.6940% | 2,500.00 | 07-Feb-17 | 09-Mar-20 | IND AAA |
| 88. | AN2017 | 3 years and 46 days | 7.6916% | 8,000.00 | 10-Feb-17 | 27-Mar-20 | IND AAA |
| 89. | AO2017 | 1 year and 363 days | 7.78% | 2,500.00 | 17-Feb-17 | 15-Feb-19 | IND AAA |
| 90. | AP2017 | 2 years | 7.78% | 2,500.00 | 20-Feb-17 | 20-Feb-19 | IND AAA |
| 91. | AQ2017 | 3 years and 179 days | 7.8312% | 1,480.00 | 22-Feb-17 | 19-Aug-20 | IND AAA |
| 92. | AR2017 | 3 years and 180 days | 7.85% | 1,500.00 | 23-Feb-17 | 21-Aug-20 | IND AAA |
| 93. | AS2017 | 2 years and 15 days | 7.63% | 5,000.00 | 27-Feb-17 | 14-Mar-19 | IND AAA |
| 94. | AT2017 | 3 years and 109 days | 7.90% | 3,700.00 | 21-Mar-17 | 08-Jul-20 | IND AAA |
| 95. | AU2017 | 1 year and 364 days | 7.80% | 25,000.00 | 23-Mar-17 | 22-Mar-19 | IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 96. | AV2017 | 4 years and 363 days | 7.85% | 2,500.00 | 27-Mar-17 | 25-Mar-22 | IND AAA and CARE AAA |
| 97. | AW2017 | 3 years and 60 days | 7.9033% | 30,000.00 | 06-Apr-17 | 05-Jun-20 | IND AAA |
| 98. | AX2017 | 2 years and 45 days | 7.63% | 15,000.00 | 07-Apr-17 | 22-May-19 | IND AAA |
| 99. | AY2017 | 3 years and 28 days | 7.7701% | 7,000.00 | 05-Jun-17 | 03-Jul-20 | IND AAA |
| 100. | AZ2017 | 2 years | 7.65% | 12,500.00 | 07-Jun-17 | 07-Jun-19 | IND AAA |
| 101. | BA2017 | 3 years | 7.75% | 25,000.00 | 12-Jun-17 | 12-Jun-20 | IND AAA |
| 102. | BB2017 | 2 years | 7.53% | 20,000.00 | 14-Jun-17 | 14-Jun-19 | IND AAA |
| 103. | BC2017 | 3 years | 7.65% | 50,000.00 | 22-Jun-17 | 22-Jun-20 | IND AAA |
| 104. | BD2017 | 1 year and 363 days | 7.65% | 12,500.00 | 23-Jun-17 | 21-Jun-19 | IND AAA |
| 105. | BE2017 | 3 years | 7.50% | 10,000.00 | 31-Jul-17 | 31-Jul-20 | IND AAA |
| 106. | BF2017 | 2 years | 7.40% | 20,000.00 | 01-Aug-17 | 01-Aug-19 | IND AAA |
| 107. | BG2017 | 3 years and 130 days | 7.39% | 10,000.00 | 14-Aug-17 | 22-Dec-20 | IND AAA |
| 108. | BH2017 | 2 years and 29 days | Zero Coupon (XIRR: 7.33%) | 15,000.00 | 28-Aug-17 | 26-Sep-19 | IND AAA |
| 109. | BG2017+ | 3 years and 113 days | 7.39% | 5,000.00 | 31-Aug-17 | 22-Dec-20 | IND AAA |
| 110. | BI2017 | 2 years and 365 days | 7.35% | 35,000.00 | 05-Sep-17 | 04-Sep-20 | IND AAA |
| 111. | BJ2017 | 2 years | 7.32% | 40,000.00 | 06-Sep-17 | 06-Sep-19 | IND AAA |
| 112. | BK2017 | 1 year and 362 days | 7.29% | 45,000.00 | 28-Sep-17 | 25-Sep-19 | IND AAA |
| 113. | BL2017 | 2 years and 364 days | 7.54% | 25,000.00 | 18-Oct-17 | 16-Oct-20 | IND AAA |
| 114. | BM2017 | 3 years and 61 days | Zero Coupon (XIRR: 7.54%) | 20,000.00 | 30-Oct-17 | 30-Dec-20 | IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 115. | BN2017 | 3 years and 89 days | 7.5320% | 15,000.00 | 01-Nov-17 | 29-Jan-21 | IND AAA |
| 116. | BG2017+ | 3 years and 46 days | 7.39% | 2,500.00 | 06-Nov-17 | 22-Dec-20 | IND AAA |
| 117. | BK2017 | 1 year and 319 days | 7.29% | 2,500.00 | 10-Nov-17 | 25-Sep-19 | IND AAA |
| 118. | BO2017 | 1 year and 181 days | Zero Coupon (XIRR: 7.34%) | 2,780.00 | 29-Nov-17 | 29-May-19 | IND AAA |
| 119. | AA2018 | 3 years and 67 days | Zero Coupon (XIRR: 8.15%) | 9,300.00 | 21-Mar-18 | 27-May-21 | IND AAA |
| 120. | AB2018 | 3 years and 15 days | Zero Coupon (XIRR: 8.15%) | 5,700.00 | 23-Mar-18 | 07-Apr-21 | IND AAA |
| 121. | AA2018+ | 3 years and 60 days | Zero Coupon (XIRR: 8.15%) | 15,000.00 | 28-Mar-18 | 27-May-21 | IND AAA |
| 122. | AD2018 | 1 year and 4 days | 7.90% | 20,000.00 | 19-Apr-18 | 23-Apr-19 | IND AAA |
| 123. | AE2018 | 1 year and 364 days | 8.10% | 20,000.00 | 19-Apr-18 | 17-Apr-20 | IND AAA |
| 124. | AF2018 | 3 years | 8.10% | 20,000.00 | 19-Apr-18 | 19-Apr-21 | IND AAA |
| 125. | AG2018 | 4 years | 8.25% | 20,000.00 | 19-Apr-18 | 19-Apr-22 | IND AAA and CARE AAA |
| 126. | AH2018 | 3 years and 324 days | Zero Coupon (XIRR: 8.60%) | 4,000.00 | 08-Jun-18 | 28-Apr-22 | IND AAA |
| 127. | AI2018 | 4 years and 361 days | 8.24% | 64,300.00 | 03-Jul-18 | 29-Jun-23 | Not rated |
| 128. | AJ2018 | 2 years and 1 day | ## | 40,000.00 | 12-Jul-18 | 13-Jul-20 | IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Face Value | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 129. | AK2018 | 2 years | 8.75% | 8,500.00 | 20-Jul-18 | 20-Jul-20 | IND AAA |
| 130. | AL2018 | 3 years and 3 days | Zero Coupon (XIRR: 8.85%) | 50,000.00 | 20-Jul-18 | 23-Jul-20 | IND AAA |
| 131. | AK2018+ | 1 year and 347 days | 8.75% | 5,000.00 | 08-Aug-18 | 20-Jul-20 | IND AAA |
| 132. | AK2018+ | 1 year and 335 days | 8.75% | 10,000.00 | 20-Jul-18 | 20-Jul-20 | IND AAA |
| 133. | AK2018+ | 1 year and 319 days | 8.75% | 5,000.00 | 05-Sep-18 | 20-Jul-20 | IND AAA |
| **Total** | | | | **16,33,660.00** | | | |

The total outstanding after Ind AS adjustment on account of Effective Interest Rate is Rs. 16,25,915.07 lakhs

*$Security: Pari passu charges on Aurangabad branch office along with other Debenture holders and exclusive charge on receivables under Hire Purchase/Lease/Loan contracts, owned Assets and Book debts.*
*#Put option*
*@Put and call option*
*^Put option available. If put option not exercised coupon rate to be 7.90% for second year and third year*
*+Further Issuance under the same ISIN*
*## State Bank of India 1 year MCLR plus spread of 50 bps. Interest for the year shall be simple average of the SBI 1 year MCLR as existing on the last four Interest Rate determination dates +spread of 50 bps.*

Please refer below to the details of the corresponding Debenture Trust Deeds with respect to the secured NCDs of our Company:

***(in ₹ Lakhs)***

| DTD date | Value | Amount Outstanding |
|---|---|---|
| July 7, 2013 | 2,50,000 | 73,500 |
| November 27, 2014 | 3,00,000 | 1,20,500 |
| June 02, 2015 | 3,50,000 | 1,21,200 |
| October 14, 2015 | 4,00,000 | 1,88,200 |
| August 18, 2016 | 4,00,000 | 3,18,480 |
| December 12, 2016 | 4,50,000 | 4,02,200 |
| September 12, 2017 | 5,00,000 | 3,45,280 |
| December 26, 2017 | 64,300 | 64,300 |
| **TOTAL** | | 16,33,660 |

***Restrictive Covenants under our Financing Arrangements:***

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
2. to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
3. to create or permit any charges or lien on any mortgaged properties;
4. to amend its MOA and AOA or alter its capital structure; and
5. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

**Details of Unsecured Borrowings:**

**Details of Unsecured Non-Convertible Debentures as on September 30, 2018**

a. Our Company has issued unsecured redeemable non-convertible debenture of face value of Rs. 10,00,000.00 each on a private placement basis of which Rs.19,883.24 lakhs (after Ind AS adjustment on accord of effective interest rate) is outstanding as on September 30, 2018, the details of which are set forth below. Redemption date represents actual maturity date and does not consider call/put option:

***(₹ in lakhs)***

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity (Years) | Coupon | Loan Amount | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 1. | AC2018 * | 15 | 8.53% | 20,000.00 | April 19, 2018 | April 19, 2033 | IND AAA; CARE AAA |
| | **Total** | | | **20,000.00** | | | |

** Partly paid with balance Rs. 80,000 lakhs payable over the next 4 years in equal annual installments.*

b. Our Company has issued unsecured redeemable subordinated non-convertible debenture of face value of Rs.10,00,000.00 each on a private placement basis of which Rs. 91,530.00 lakhs is outstanding as on September 30, 2018 the details of which are set forth below. Redemption date represents actual maturity date:

***(₹ in lakhs)***

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity (Years) | Coupon | Amount | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 1. | PPP | 10.0 | 11.75% | 980.00 | October 17, 2008 | October 17, 2018 | CRISIL AA+ and IND AAA |
| 2. | YYY | 7.0 | 10.02% | 4,500.00 | October 19, 2012 | October 21, 2019 | CRISIL AA+ and IND AAA |
| 3. | QQQ | 10.0 | 9.85% | 2,500.00 | November 10, 2009 | November 11, 2019 | CRISIL AA+ and IND AAA |
| 4. | RRR | 10.0 | 9.85% | 7,500.00 | November 20, 2009 | November 20, 2019 | BWR AAA and IND AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity (Years) | Coupon | Amount | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 5. | AAA2013 | 7.0 | 9.70% | 2,000.00 | April 23, 2013 | April 23, 2020 | CRISIL AA+ and IND AAA |
| 6. | CCC2013 | 7.0 | 9.50% | 5,220.00 | May 24, 2013 | May 25, 2020 | CRISIL AA+ and IND AAA |
| 7. | TTT | 10.0 | 10.05% | 50.00 | December 7, 2011 | December 7, 2021 | CRISIL AA+ and IND AAA |
| 8. | UUU | 10.0 | 10.50% | 10,000.00 | December 12, 2011 | December 13, 2021 | CRISIL AA+ and IND AAA |
| 9. | VVV | 10.0 | 10.15% | 2,000.00 | June 19, 2012 | June 20, 2022 | CRISIL AA+ and IND AAA |
| 10. | WWW | 10.0 | 10.15% | 500.00 | June 26, 2012 | June 27, 2022 | CRISIL AA+ and IND AAA |
| 11. | XXX | 10.0 | 10.02% | 500.00 | October 19, 2012 | October 19, 2022 | CRISIL AA+ and IND AAA |
| 12. | ZZZ | 10.0 | 9.80% | 4,000.00 | January 17, 2013 | January 17, 2023 | CRISIL AA+ and IND AAA |
| 13. | BBB2013 | 10.0 | 9.70% | 8,000.00 | April 23, 2013 | April 24, 2023 | CRISIL AA+ and IND AAA |
| 14. | DDD2013 | 10.0 | 9.50% | 4,780.00 | May 24, 2013 | May 24, 2023 | CRISIL AA+ and IND AAA |
| 15. | AAA2014 | 10.0 | 9.60% | 1,000.00 | August 28, 2014 | August 28, 2024 | IND AAA and BWR AAA |
| 16. | BBB2014 | 10.0 | 9.60% | 500.00 | September 3, 2014 | September 3, 2024 | IND AAA and BWR AAA |
| 17. | CCC2014 | 10.0 | 9.50% | 10,000.00 | November 17, 2014 | November 15, 2024 | IND AAA and CARE AAA |
| 18. | AAA2015 | 10.0 | 9.18% | 10,000.00 | February 2, 2015 | January 31, 2025 | IND AAA and CARE AAA |
| 19. | BBB2015 | 10.0 | 9.10% | 2,500.00 | June 25, 2015 | June 25, 2025 | IND AAA and CARE AAA |
| 20. | CCC2015 | 10.0 | 9.00% | 2,500.00 | August 14, 2015 | August 14, 2025 | IND AAA and CARE AAA |
| 21. | DDD2015 | 10.0 | 9.00% | 2,500.00 | August 21, 2015 | August 21, 2025 | IND AAA and CARE AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity (Years) | Coupon | Amount | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 22. | EEE2015 | 10.0 | 8.90% | 10,000.00 | October 27, 2015 | October 27, 2025 | IND AAA and CARE AAA |
| | **Total** | | | **91,530.00** | | | |

c. Our Company has issued unsecured redeemable subordinated non-convertible debenture of face value of Rs.5,00,000.00 each on a private placement basis of which Rs.20,000.00 lakhs is outstanding as on September 30, 2018 the details of which are set forth below. Redemption date represents actual maturity date:

***(₹ in lakhs)***

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity (Years) | Coupon | Amount | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 1. | SSS | 10 years 60 days | 9.80% | 20,000.00 | November 26, 2010 | January 25, 2021 | CRISIL AA+ and BWR AAA |
| | **Total** | | | **20,000.00** | | | |

d. Our Company has issued unsecured redeemable subordinated non-convertible debenture of face value of Rs.1,000.00 each through public issues of which Rs. 2,15,053.13 lakhs is outstanding as on September 30, 2018 the details of which are set forth below. Redemption date represents actual maturity date:

***(₹ in lakhs)***

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Amount Outstanding | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 1. | 1A | 66 Months | 8.34% | 194.50 | June 06, 2016 | December 06, 2021 | IND AAA and CARE AAA |
| 2. | 1B | 66 Months | 8.44% | 708.66 | June 06, 2016 | December 06, 2021 | IND AAA and CARE AAA |
| 3. | 2A | 84 Months | 8.44% | 524.00 | June 06, 2016 | June 06, 2023 | IND AAA and CARE AAA |
| 4. | 2B | 84 Months | 8.53% | 129.59 | June 06, 2016 | June 06, 2023 | IND AAA and CARE AAA |
| 5. | 3A | 120 Months | 8.53% | 90.00 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Amount Outstanding | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 6. | 3B | 120 Months | 8.72% | 2,473.49 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |
| 7. | 4A | 66 Months | 8.60% | 2,855.35 | June 06, 2016 | December 06, 2021 | IND AAA and CARE AAA |
| 8. | 4B | 66 Months | 8.70% | 1,338.85 | June 06, 2016 | December 06, 2021 | IND AAA and CARE AAA |
| 9. | 5A | 84 Months | 8.70% | 80.00 | June 06, 2016 | June 06, 2023 | IND AAA and CARE AAA |
| 10. | 5B | 84 Months | 8.80% | 363.75 | June 06, 2016 | June 06, 2023 | IND AAA and CARE AAA |
| 11. | 6A | 120 Months | 8.80% | 2,783.00 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |
| 12. | 6B | 120 Months | 9.00% | 85,233.08 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |
| 13. | 7B | 66 Months | #1 | 368.42 | June 06, 2016 | December 06, 2021 | IND AAA and CARE AAA |
| 14. | 8B | 84 Months | #2 | 136.38 | June 06, 2016 | June 06, 2023 | IND AAA and CARE AAA |
| 15. | 9A | 120 Months | #3 | 25.00 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |
| 16. | 9B | 120 Months | #4 | 2,695.93 | June 06, 2016 | June 06, 2026 | IND AAA and CARE AAA |

| Sr. No. | Description (Debenture Series) | Tenor/ Period of Maturity | Coupon | Amount Outstanding | Date of Allotment | Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|
| 17. | IA | 7 Years | 7.75% | 5,000.00 | July 24, 2017 | July 24, 2024 | IND AAA and BWR AAA |
| 18. | IB | 7 Years | 7.85% | 932.24 | July 24, 2017 | July 24, 2024 | IND AAA and BWR AAA |
| 19. | IIA | 10 Years | 7.90% | 22.00 | July 24, 2017 | July 24, 2027 | IND AAA and BWR AAA |
| 20. | IIB | 10 Years | 8.00% | 4,4702.46 | July 24, 2017 | July 24, 2027 | IND AAA and BWR AAA |
| 21. | IIIA* | 15 Years | 7.95% | 112.00 | July 24, 2017 | July 24, 2032 | IND AAA and BWR AAA |
| 22. | IIIB* | 15 Years | 8.05% | 64,284.43 | July 24, 2017 | July 24, 2032 | IND AAA and BWR AAA |
| **Total** | | | | **2,15,053.13** | | | |

*#1 – Effective Yield – 8.70% p.a. – Accumulated interest, to be paid on maturity.*
*#2 – Effective Yield – 8.80% p.a. – Accumulated interest, to be paid on maturity.*
*#3 – Effective Yield – 8.80% p.a. – Accumulated interest, to be paid on maturity.*
*#4 – Effective Yield – 9.00% p.a. – Accumulated interest, to be paid on maturity.*
** Call Option: Subject to compliance with applicable laws, in case of Series III NCDs, call option may be exercised by the Company at the end of the 10th year from the Deemed Date of Allotment. In the event of call option being exercised for Series III NCDs, the Redemption Date for Series III NCDs shall be 10 years from Deemed Date of Allotment or such date for exercising the call option as intimated by the Company.*

The total outstanding after Ind AS adjustment on account of effective interest rate for the above unsecured non-convertible debentures amounts to Rs. 3,23,422.71 lakhs

**List of Top 10 Debenture Holders (secured and unsecured) as on September 30, 2018:**

***(₹ in lakhs)***

| Sr. No. | Name of Debenture Holders | Amount |
|---|---|---|
| 1. | HDFC Trustee Company Limited | 171,300.00 |
| 2. | CBT-EPF | 100,000.00 |
| 3. | Kotak Mahindra Trustee Company Limited | 91,500.00 |
| 4. | Union Bank of India | 75,000.00 |
| 5. | IDFC AMC Trustee Company Limited | 68,500.00 |
| 6. | Wipro Limited | 65,707.56 |
| 7. | Hindustan Zinc Limited | 64,500.00 |
| 8. | International Finance Corporation | 64,300.00 |

| Sr. No. | Name of Debenture Holders | Amount |
|---|---|---|
| 9. | Punjab National Bank | 54,500.00 |
| 10. | Reliance Capital Trustee Company Limited | 51,690.00 |
| | **Total** | **806,997.56** |

**As on September 30, 2018, the amount of corporate guarantee issued by our Company in favour of its Subsidiaries, Joint Venture entity, group company, etc. is NIL.**

**The total face value of Commercial Papers Outstanding as on September 30, 2018**

***(₹ in lakhs)***

| Maturity Date | Amount Outstanding* |
|---|---|
| October 15, 2018 | 20,000.00 |
| October 19, 2018 | 20,000.00 |
| October 26, 2018 | 50,000.00 |
| October 30, 2018 | 76,500.00 |
| November 2, 2018 | 60,000.00 |
| November 12, 2018 | 30,000.00 |
| November 15, 2018 | 37,500.00 |
| November 20, 2018 | 70,000.00 |
| November 26, 2018 | 90,000.00 |
| November 29, 2018 | 20,000.00 |
| December 4, 2018 | 70,000.00 |
| December 7, 2018 | 70,000.00 |
| March 25, 2019 | 20,000.00 |
| March 26, 2019 | 20,000.00 |
| **Total** | **6,54,000.00** |

*The value of Commercial Papers has been disclosed basis their Face Value. The discounted value of the above as on September 30, 2018 was at Rs. 6,46,547.26 lakhs

**Details of Rest of the borrowing (if any, including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on September 30, 2018:**

***(₹ in lakhs)***

| Party Name (in case of Facility)/ Instrument Name | Type of Facility/Instrument | Amount Sanctioned/ Issued | Principal Amount Outstanding | Repayment Date/Schedule | Credit Rating | Secured/Unsecured | Security |
|---|---|---|---|---|---|---|---|
| ----------NA---------- | | | | | | | |

The total amount of cash credit from banks outstanding as of September 30, 2018 as per books of accounts of our Company is Rs. 31,214.42 lakhs.

**The total amount of loans and advances from Inter Corporate Deposits outstanding as of September 30, 2018 is Rs. 1,24,575.00 lakhs. Out of the above, Rs. 1,19,575.00 lakhs has been borrowed from related parties. The details of the Inter Corporate Deposits borrowed from related parties has been provided below:**

***(₹ in lakhs)***

| No. | Lender | Amounts outstanding as of September 30, 2018 |
|---|---|---|
| 1. | Mahindra & Mahindra Limited | 70,000 |
| 2. | Tech Mahindra Limited | 40,000 |
| 3. | Mahindra Vehicle Manufacturers Limited | 7,500 |
| 4. | Mahindra Insurance Brokers Limited | 1,075 |
| 5. | Swaraj Engines Limited | 1,000 |

***Fixed Deposit Scheme of our Company*:**

Our Company has launched an unsecured fixed deposit programme called the Samruddhi & Dhanvrudhi Fixed Deposits ("**FD Programme**"). The FD Programme has a CRISIL rating of 'FAAA', which indicates a highest level of safety. Our Company offers cumulative as well as non-cumulative options. The tenure of fixed deposits accepted by our Company are in the range of 12 to 60 months and present rate of interest is in the range of 7.80% to 8.75%. Senior citizens and all Mahindra group employees and employee's relatives are entitled to an additional rate of 0.25% in Samruddhi Deposits and 0.35% in Dhanvrudhi depsoits respectively. Senior citizens are entitled to an additional rate of 0.10% in Dhanvruddhi Deposits As on September 30, 2018, Our Company's outstanding fixed deposits amount to Rs. 3,82,939.94 lakhs.

***Medium Term Note Programme***

Our Company has established a medium-term note programme of rupee denominated bonds overseas on December 22, 2016 for an issuance of Rs. 5,00,000.00 lakhs to overseas investors. However, as on the date of this Draft Shelf Prospectus no bonds have been issued under the said programme.

**Other confirmations**

As on the date of this Draft Shelf Prospectus, there has been no rescheduling, default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company, in the past 5 years.

There are no outstanding borrowings taken/ debt securities issued where taken/ issued (i) for consideration other than cash, whether in whole or in part, or (ii) in pursuance of an option as on September 30, 2018. No outstanding borrowings taken/ debt securities issued where taken/ issued at a premium or discount, other than as disclosed below:

The below debentures have a face value of Rs.10,00,000

| Sr. No. | Description (Debenture Series) | Secured/ Unsecured | Premium / Discount issued at | Tenor/ Period of Maturity | Coupon | Face Value (Amount Outstanding, if different than Face Value) | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|---|---|
| 1. | BG2017+ | Secured | Discount 995,921 | 3 years and 46 days | 7.39% | 2,500.00 | 06-Nov-17 | 22-Dec-20 | IND AAA |

| Sr. No. | Description (Debenture Series) | Secured/ Unsecured | Premium / Discount issued at | Tenor/ Period of Maturity | Coupon | Face Value (Amount Outstanding, if different than Face Value) | Date of Allotment | Final Redemption Date | Latest Credit Rating |
|---|---|---|---|---|---|---|---|---|---|
| 2. | BK 2017+ | Secured | Discount 997,551 | 1 year and 319 days | 7.29% | 2,500.00 | 10-Nov-17 | 25-Sep-19 | IND AAA |
| 3. | AA2018+ | Secured | Premium 10,01,503 | 3 years and 60 days | Zero Coupon (XIRR: 8.15%) | 15,000.00 | 28-Mar-18 | 27-May-21 | IND AAA |
| 4. | AK2018+ | Secured | Premium 10,00,473 | 1 year and 347 days | 8.75% | 5,000.00 | 08-Aug-18 | 20-Jul-20 | IND AAA |
| 5. | AK2018+ | Secured | Premium 10,00,356 | 1 year and 335 days | 8.75% | 10,000.00 | 20-Jul-18 | 20-Jul-20 | IND AAA |
| 6. | AK2018+ | Secured | Discount 999,379 | 1 year and 319 days | 8.75% | 5,000.00 | 05-Sep-18 | 20-Jul-20 | IND AAA |

A portion of our funding requirements is met through short-term funding sources, being, bank loans, working capital demand loans, cash credit, short term loans and commercial papers. Further, a large portion of our loan assets mature over a medium term, while comparatively some of our liabilities in connection with the credit facilities obtained by us are for a relatively shorter periods of time. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely manner or at all, may lead to mismatches between our assets and liabilities.

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company is subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers, past employees and other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) tax disputes, (c) petitions pending before appellate authorities, (d) criminal complaints, and (e) civil suits. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India.

As on the date of the Draft Shelf Prospectus, there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits, and arrears on cumulative preference shares, etc., by our Company.

Effective from 1 December 2015, the Board of Directors of our Company has adopted policy for determination of materiality for disclosure of events or information ("**Materiality Policy**"). With respect to litigations / disputes / regulatory actions with impact, the Materiality Policy sets thresholds which are determined on the basis of consolidated financial statements of last audited Fiscal.

Save as disclosed below, there are no:

1. litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of our Company during the last five years immediately preceding the year of the issue of the Draft Shelf Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;

2. litigation involving our Company, Promoter, Directors, Subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the position of our Company;

3. pending proceedings initiated against our Company for economic offences and default; and

4. inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law, or reservations, qualifications or adverse remarks of the auditors of our Company in the last five years immediately preceding the year of issue of this Draft Shelf Prospectus against our Company and our Subsidiaries.

**Litigations involving our Company**

***Litigations against our Company***

*Criminal*

Our Company and our employees are party to certain criminal cases pending before various courts across India. These cases have been filed on the grounds, *inter alia*, cheating, fraud, defamation, illegal repossession of the vehicles, theft, insurance claims by our customers. There are several cases wherein applications have been filed for quashing of complaints and FIRs. We have been also named as a party being a financer where the vehicle financed by us is used for carrying illegal goods. Some cases of assault, kidnapping and abduction have been filed against the employees of our Company while repossession of vehicles.

*Civil*

There are various civil proceedings instituted against our Company from time to time, mostly arising in the ordinary course of its business. None of the pending civil proceedings against our Company involve an amount more than 5% of the consolidated profit after tax for the Fiscal 2018.

***Litigations by our Company***

*Criminal*

1. Our Company has filed numerous complaints, FIRs and cases of fraud and cheating against customers on account of loan defaults, cash misappropriation, cheating, forgery, assault on employees of our Company. In certain cases, our Company has also filed cases under section 420 of the Code of Criminal Procedure, 1973 ("**Cr PC**") for the criminal breach of trust and misappropriation of property. We have also filed applications for custody of vehicles of our Company under section 451 and 457 of Cr PC. Our Company has filed numerous applications under section 156 of the Cr PC for quashing of complaints across different high courts and magistrate courts. Our Company has also initiated certain complaints for matters including missing vehicles, theft and defamation.

2. Our Company has filed numerous cases under section 138 of the Negotiable Instruments Act, 1881, against our customers for dishonour of cheques which were presented to our Company. These cases are pending across different courts in India. Further, in some of the cases, our customers have filed appeal against our Company.

*Civil*

There are various civil proceedings instituted by our Company from time to time, mostly arising in the ordinary course of its business. None of the pending civil proceedings instituted by our Company involve an amount more than 5% of the consolidated profit after tax for the Fiscal 2017.

***Litigations against our Promoter***

Litigation or legal action pending or taken by any ministry or department of the Government of India or a statutory authority against any Promoter of our Company during the last five years immediately preceding the year of the issue of the Draft Shelf Prospectus and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action:

1. M&M received a show cause notice bearing reference A/530/2015 dated July 13, 2015 under the Factories Act, 1948 ("Factories Act") from the Deputy Chief Inspector of Factories, Hyderabad (Rural) ("Authority") directing M&M to show cause why no action should be taken against the manager for non-compliance of various provisions of the Factories Act read with the A.P. Factories Rules, 1950 ("AP Factories Rules"). M&M was required to show cause for non-compliance of (i) section 7A (2) read with section 32(b) and section 41 and rule 61-F (3); (ii) section 40-B and rule 61-A; section 7A (2) read with section 111-A and section 41 and rule 61-F (3); (iii) section 7A (2) read with section 41 and rule 61-F (3); and (iv) section 51, section 54 and section 65 read with section 7A (2) of the Factories Act. M&M filed its reply dated August 12, 2015 to the show cause notice denying all the allegations and confirming that there is no violation of the Factories Act and the AP Factories Rules. No further communication has been received by M&M in this matter. The family of the deceased were paid compensation as per the statute and communicated back to the Authority. The matter is pertaining to August 2015 and in these last 3 years, we have not received any further notice from the Authority. Under the circumstances, it can be construed that the matter is closed.

2. The Maharashtra Pollution Control Board, Regional Office, Mumbai ("Board") issued a show cause notice bearing reference MPCB/ROM/SCN/TB-5277 dated June 20, 2015 ("Notice") against M&M. The notice alleged that M&M failed to obtain consent to establish and consent to operate with respect to Free Basin, Shed No. 03, Near Nariman, Bhavan, MbPT, Mazgaon, Mumbai. factory thereby violating the provisions of Section 25 and Section 21 of the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act") and Air (Prevention and Control of Pollution) Act, 1981 ("Air Act") respectively, and directing M&M to show cause why legal action shall not be initiated against M&M under the provisions of the Water Act, the Air Act and the Environment Impact Assessment Notification 2004. M&M has filed its interim reply to the show cause notice dated August 8, 2015 setting out the factual position and submitted an application to establish and operate. M&M had received consent to operate from the Maharashtra Pollution Control Board dated December 17, 2015 which is valid till December 31, 2017. Hence the matter is closed.

3. M&M received a show cause notice bearing reference 110 dated October 13, 2014 under the Legal Metrology Act ("**Metrology Act**") and the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules") from the Legal Metrology Inspector, Amroha, Uttar Pradesh ("Authority"). The notice alleged that M&M published an advertisement in dainik newspaper dated October 2, 2014 mentioning the unit 'inch' for the size of alloy wheels and infotainment screen, thereby violating section 11 of the Metrology Act read with rule 29 of the Rules. M&M filed its interim reply dated November 24, 2014 to the show cause notice denying all the allegations and contended that M&M has not violated any provision of the Metrology Act and the Rules. No further communication has been received by M&M in this matter.

4. M&M received a notice bearing reference number A3 dated April 30, 2015 from the Inspector of Legal Metrology, Shahjanpur ("Authority") under the Metrology Act. The notice alleged that the advertisement dated April 30, 2015 in dainik newspaper mentioned the mileage of Maxximo as 'KM/L', thereby violating section 11 and section 29 of the Metrology Act and Rule 7(3) of the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules"). M&M filed its reply dated May 7, 2015 to the notice denying violation of the Metrology Act and the Rules. No further communication has been received by M&M in this matter.

5. M&M received a notice bearing reference number MEMO/V.N.V.M.V.-Notice/2015 dated July 11, 2015 from the Legal Metrology Inspector, Lucknow (the "Inspector") under the Metrology Act. The notice alleged that the advertisement in dainik newspaper by M&M on July 11, 2015 was in violation of section 11 and section 29 of the Metrology Act since the advertisement mentioned (i) the mileage of XUV-500 as 'KMPL' instead of km/l or km/L; (ii) size and touch screen of touch screen and alloy wheels as 'CM' instead of cm; and (iii) for wrongly mentioning 'INCH'. M&M filed a final reply dated August 14, 2015 intending to compound the alleged contravention and pay the compounding amount. The matter has been compounded and closed whereby M&M has paid a compounding amount of Rs. 1.2 Lakh on September 4, 2015.

6. M&M received a show cause notice bearing reference no. MH/51100/PF/ENF-EXM/SRO/NSK/2497 dated November 5, 2007 by Regional Provident Fund Commissioner, Nasik ("PF Authority") under Section 7A of Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("EPF Act") towards (i) failure to produce the contractors records; (ii) payment of Provident Fund Contribution ("Contribution") of trainee employees; (iii) failure to produce the transporter contractors records. M&M vide its reply dated December 12, 2007 *inter alia* stated that it has directed the relevant contractors to submit the record of contractors at the office of the PF Authority. M&M received another notice dated April 16, 2008 bearing reference no. MH/51100/PF/ENF/SRO/NSK/91 by the PF Authority directing M&M to file its response. M&M filed its reply dated September 26, 2008 before the PF Authority. The PF Authority passed an adverse order bearing no. MH/51100 (SRO Nasik)/PF/CC-I/NGP/46 dated August 7, 2008. Aggrieved by the order of the PF Authority, M&M filed an appeal before the Employees' Provident Funds Appellate Tribunal, New Delhi ("EPF Tribunal"). The appeal was dismissed by the EPF Tribunal by an order dated October 13, 2010. M&M filed an appeal bearing no. WP/435/2011 before the High Court at Bombay (the "High Court") challenging the order of the EPF Tribunal. The matter is pending before the High Court.

7. M&M received a notice bearing no. 564 dated February 17, 2014 under the Insecticides Act, 1968 ("Insecticides Act") from the Chief Agricultural Officer, Ferozepur ("Authority") alleging that the insecticides ("Product") manufactured by Acme Organic Pvt. Ltd. (the "Manufacturer") violated the provisions of the Insecticides Act by misbranding the Product (which also carried a label indicating M&M as the marketers of the Product). M&M filed its reply dated March 20, 2014 denying all the allegations contending that M&M is not involved in manufacturing, labelling or tampering the Product in any manner and hence, is not liable for contravention of any of the provisions of the Insecticides Act or the Insecticides Rules, 1971. M&M has not received a reply from the Authority. Since the limitation period of 3 years prescribed under law have elapsed from the date of notice, the matter is being treated as closed.

8. M&M received a notice bearing no. 1055-59 dated March 16, 2015 under the Insecticides Act, 1968 ("Insecticides Act") from the Chief Agricultural Officer, Punjab ("Authority") alleging that the insecticides ("Product") manufactured by Acme Organic Pvt. Ltd. (the "Manufacturer") violated the provisions of the Insecticides Act by misbranding the Product (which also carried a label indicating M&M as the marketers of the Product). M&M in its reply denied all the allegations and contended that

M&M is not involved in manufacturing, labelling or tampering the Product in any manner and hence, is not liable for contravention of any of the provisions of the Insecticides Act or the Insecticides Rules, 1971. M&M has not received a reply from the Authority. The matter is currently pending.

9. M&M received a notice bearing reference no. 1376 dated June 1, 2015 under the Essential Commodities Act, 1955 ("Act") and the Fertilizer (Order) Control, 1985 ("Order") from the Chief Agricultural Officer, Ludhiana ("Authority") alleging that the insecticides ("Product") manufactured by Mitul Industries Ltd. ("Manufacturer") violated the provisions of the Act. The sulphur content in the Product seized was found to be only 81.70% instead of 90% as mentioned in the package (which carries a label indicating M&M as the marketer of the Product). M&M filed its reply dated June 18, 2015 denying all the allegations and requested retesting of the sample of the Product. The matter is closed.

10. M&M received a show cause notice bearing reference LCPP/ADO-2015/3261-3266 dated December 7, 2015 under the Insecticides Act, 1968 ("Insecticides Act") from the Deputy Director (LC & PP)-cum-Licensing Authority, Chandigarh ("Authority") in respect of lambda Cyhalothrin 4.9% CS ("Product") manufactured by B R Agrotech Limited Samba ("Manufacturer") and marketed by M&M. The notice alleged that the Product violated the provisions of the Insecticides Act and the Insecticides Rules, 1971 ("Insecticides Rules"). The active ingredient content of the Insecticide was found 4.22% against 4.9%. M&M filed its reply to the notice dated December 23, 2015 denying all allegations and contended that M&M is only a marketer of the Product and not involved in manufacturing or labelling. Hence, M&M is not liable under the Insecticides Act and the Insecticides Rules. M&M further requested for re-testing of the sample of the Product. However, the Authority has cancelled the M&M license bearing no. LCPP/ADO-04/433 vide order bearing no. LCPP/ADO-2016/1185-1190 dated April 6, 2016. The order alleged that M&M did not submit any valid reply and violated the provisions of Section 3 (k) (i), 17, 18, 29 & 33 of the Insecticides Act. The license of M&M has been reinstated by Joint Director of Agriculture vide its order dated May 24, 2016. No further communication has been received from the Authority.

11. M&M received a show cause notice bearing no. 330 dated September 23, 2015 ("Notice") under the Metrology Act and the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules") from the Legal Metrology Inspector, Mahanagar Lucknow, Uttar Pradesh ("Authority") alleging that M&M in an advertisement published in dainik samachar newspaper on September 23, 2015 mentioned Mahindra Yuvraj 215 NVT's top speed by using the unit 'KMPH' instead of 'km/h', thereby violating Rule 11 of the Rules. M&M filed a reply dated December 7, 2015 stating that it has not received the Notice and requested the Inspector to not initiate any legal proceeding against M&M. The matter has been compounded and closed. On December 19, 2015, M&M paid a compounding penalty of Rs. 1.1 Lakh.

12. M&M received a notice bearing reference no. 166/PC/14-15 dated February 5, 2015 by the Legal Metrology Inspector, Warangal, Telangana ("Authority") stating that the Authority seized 30 retail packages of alleged Swaraj genuine parts, bearing part no.34.027.03.0, 1 in quantity and having a maximum retail price of ₹ 118.50 (inclusive of all taxes) on January 25, 2015 from the trading premises of Sony Automobiles and manufactured by M&M. The seized packages did not bear the name and address of the manufacturer, name of commodity contained in the package, the retail sale price, the month and year of the package and the consumer care telephone number of the contact person or the office. Thereby violating Section 18 read with section 49 of the Metrology Ac; rule 4 read with rule 6(1)(a)(b)(e)(d) and rule 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules"). Hence M&M was punishable under Section 36 of the Act. M&M in its reply to the notice dated April 11, 2015 denied ownership of the packages and stated that (i) the packages are counterfeit/spurious; and (ii) Sony Automobiles is not M&M's authorized dealer/distributor. No further communication has been received by M&M in this matter.

13. M&M received a show cause notice bearing no. 99 dated August 20, 2015 ("Notice") under the Metrology Act from the Legal Metrology Inspector, Aligarh, Uttar Pradesh ("Authority") alleging that M&M in an advertisement published in Amar Ujala mentioned the non-metric unit 'Foot', thereby violating Section 11(1) of the Metrology Act. On October 23, 2015, M&M filed a reply intending to compound the alleged contravention and paid the compounding penalty of Rs. 1.2 Lakh. The matter is closed.

14. M&M received a notice bearing no. January 16, 2015 dated January 16, 2015 ("Notice") under the Metrology Act from the Inspector of Legal Metrology, Nakodar, Punjab ("Authority") alleging that

M&M in an advertisement pertaining to vehicle (Scorpio) played on Life OK channel had used the unit 'inch' for the size of alloy wheels thereby violating section 11 of the Metrology Act. M&M has filed a reply dated January 23, 2015 stating that the provisions of the Metrology Act and any of its rules are not applicable to the vehicles manufactured and distributed by M&M. The matter is currently pending.

15. M&M received a summon dated June 03, 2015 ("Summon") under section 61 of the Code of Criminal Procedure ("Cr.P.C") from the Metropolitan Magistrate, Hyderabad at Kukatpally ("Magistrate"). The Summon alleged violation of section 18 and 36 of the Metrology Act, Rule 6(1)(e), 6(3) and 18 of Legal Metrology (Packaged Commodities) Rules, 2011 ("the Rules") and Rule 32 of Andhra Pradesh Legal Metrology (Enforcement) rules 2011. The matter is closed by an order of the Metropolitan Magistrate bearing no. STC 4/2015 dated January 27, 2016.

16. M&M received a notice bearing no. 249 dated October 29, 2015 ("Notice") under the Metrology Act from the Legal Metrology Inspector, Shahjanpur, Uttar Pradesh. The notice alleged that M&M in an advertisement dated October 27, 2015 published in Dainik Jagran newspaper mentioned mileage as 'LTR/HR', thereby violating section 11 of the Metrology Act. M&M filed an interim reply dated November 09, 2015 for seeking 30 days' time for assimilating the information. On January 11, 2016, M&M filed a final reply intending to compound the alleged contravention and paid the compounding amount of Rs. 1.1 Lakh**.**

17. M&M received a notice bearing no. ILM/JOR-52(IA) (PC) 2015- 16/31 dated April 06, 2015 ("Notice") under the Metrology Act from the Inspector of Legal Metrology, Jorhat, Assam. The notice alleged that packages seized from the trading premises of M/s. Vintage Automobile had 'MRP' mentioned on it by putting an additional yellow sticker over the original declaration, thereby violating provisions of section 18(1) of the Metrology Act read with Rule 6 and Rule 18 of the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules") Rules. M&M filed an interim reply dated April 30, 2015 seeking 30 days' time for assimilating the information. On June 22, 2015, M&M filed a final reply stating that the additional sticker over the original MRP has not been affixed by M&M and no authorized supplies were made to M/s Vintage Automobile. No further communication from the Legal Metrology Officer has been received in this matter which is now barred by limitation.

18. M&M received a notice bearing no. LMO/PC/CN/0661003/15-16 dated January 05, 2016 ("Notice") from the Assistant Controller of Legal Metrology Flying squad-2, Bangalore ("Authority") under the Metrology Act. The notice alleged that retail sale price marked on seized packages was not as per rule 2(m) of the Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules"), thereby violating section 18 of the Metrology Act. M&M filed an interim reply dated January 08, 2016 stating that the label on the product seized as mentioned in the Notice does not match with the label on product manufactured by M&M and asked for 30 days' time to revert with detailed reply. On inspection, it was noted that the packages were counterfeit. M&M vide its reply dated March 31, 2016 stated that the product seized did not match with the product manufactured by M&M. M&M received another notice dated May 23, 2016 alleging that the retail sales price on the seized products were in violation of rule 2(m) of the Rules and section 18 of the Metrology Act. M&M vide its reply dated May 30, 2016 stated that the product seized did not match with the product manufactured. A further reply was filed by M&M dated June 9, 2016 reiterating the same. M&M has been served with a notice issued by the Prl. Civil Judge & JMFC, Kadur, Karnataka based on a complaint case filed in 2017 by the Asst. Controller or Legal Metrology, Flying Squad -2, No 1 Ali Asker Road, Bengaluru. Since the seized parts were fake, we did not compound. The matter is currently pending.

19. M&M received a notice bearing no. ILM/KHAMGAON/2015/381 dated December 08, 2015 ("Notice") from the Inspector of Legal Metrology, Khamgaon, District Buldana (M.S) under the Metrology Act. The notice alleged that on inspection of the trading premises of M/s. Madhu Auto Agencies, Khamgaon it was found that declaration of Retail Sale Price on the packages of piston for thinner rings and pin assy cbs part no. 006012906891 did not mention the declaration of retail price, and also there was no mentioning of 'inclusive of all taxes' on the packages manufactured by M&M, thereby violating Section 18(1) and Rule 2(m) of the Legal Metrology (Packaged Commodities) Rules, 2011. M&M filed an interim reply dated January 08, 2016 seeking 30 days' time for assimilating the information. The matter has been compounded and closed, whereby M&M has paid a compounding amount of Rs.3 Lakh.

20. M&M received a notice bearing no. ILM/Sakoli/Pros/2012/741 dated January 05, 2012 ("Notice") from the Inspector of Legal Metrology, Bhandara ("Inspector") under the Metrology Act alleging that on inspection of the trading premises of M/s Shahare Oil Shop, Gondia (the "Manufacturer"), it was found that the label on seized packages of oil filters bearing genuine part number 006001920AR91 and 005557147R91 (the "Product") did not mention the customer care cell no. and the month of manufacturing, thereby violating section 18(1) of the Metrology Act read with rule 6(1)(c), 6(1)(d) and 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011 (the "Rules"). On January 12, 2012 M&M filed an interim reply seeking 30 days' time for assimilating the information. On February 21, 2012 M&M filed a detailed reply stating that the seized packages were counterfeit and not genuine and were not manufactured by M&M. M&M also sent a legal notice to the Manufacturer dated March 1, 2012 to disclose the source of the seized Product so as to assimilate the relevant facts. However, the Inspector proceeded and filed a complaint no. 152/12 dated October 10, 2012 before the Magistrate Court, Morgaon Arjuni. On January 11, 2013, M&M filed a criminal application (quashing petition) before Bombay High Court (Nagpur Bench). On August 20, 2013 the petition was admitted and the interim stay was granted. On October 5th 2018, the matter came up for final hearing & the Hon'ble Court, granted relief to M & M and all its Directors by quashing the criminal proceedings initiated by the Legal Metrology Inspector.

21. M&M received a notice bearing no. ILM/JN/PCR/101/2014-15 dated March 23, 2015 ("Notice") from the Office of the Inspector of Legal Metrology, Bengaluru under the Metrology Act. The notice alleged that on inspection of the pre-packaged pushpin ("Commodity") from the trading premises of Sireesh Auto Private Limited, it was found that the Maximum Retail Price ("MRP"), date of packing and consumer care number were not declared, thereby violating the provisions of section 18 read with section 36 of Metrology Act and read with Rule 4, 6 and 18(1) of the Legal Metrology (Packaged Commodities) Rules, 2011. On April 15, 2015, M&M filed a detailed reply stating that the commodities seized cannot be treated as pre-packaged commodity and the provisions of Metrology Act and the Rules do not apply to vehicles manufactured by M&M. The matter is currently pending.

22. M&M received a notice bearing no. 16/PC/ILM-MAR/15/530 dated August 03, 2015 ("Notice no.1") under the Metrology Act from the Inspector of Legal Metrology, Margoa, Goa ("Authority") alleging that packages of Mahindra spares and Mahindra screen ("Package") were seized and detained from M/s Mukhtar Automobile Pvt. Ltd. since the same did not bear MRP and the month and year of manufacturing thereby violating the provisions of Metrology Act and Legal Metrology (Packaged Commodities) Rules, 2011 ("Rules"). Also the notice no.1 requested M&M to furnish purchase bills/ invoices of the seized articles and name and address of the directors of M&M. On August 17, 2015. M&M sent detailed reply stating that it has not violated any provisions of Metrology Act and the Rules framed thereunder. On November 09, 2015, M&M received a notice no.16/PC/132/CLM-15/622/2657 ("Notice no.2") from Controller, Legal Metrology, Goa ("Controller") stating that M&M has violated section 1(1) of the Metrology Act and rule 6(1)(d), 6(1)(e), 18(1) of the Rules and to compound the violation by paying ₹ 0.15 lakhs failing which it may proceed to prosecute M&M in the court of law. M&M has filed an appeal under section 50 of the Metrology Act before the Secretary, Metrology, Government of Goa against the order of the Controller. Meanwhile, the Authority has filed a criminal case bearing no. 74/OA/LMA/2016/E before the Judicial Magistrate of First Class, Margoa ("Magistrate Court"). Quashing petition was filed before the Bombay High Court on May 5, 2016. On October 4, 2016, the Bombay High Court granted interim stay after hearing the parties. Further, by its order dated September 19, 2017, the Bombay High Court had dismissed the Petition for default, against which our Promoter has filed a restoration application. At the time of final hearing, sensing that the case would be dismissed for not joining M&M as a party, the prosecution withdrew the case with liberty to file again by adding M&M as an accused. The initial prosecution was thus withdrawn by the department and the matter was closed. The Legal Metrology Department has now launched fresh prosecution against two executives and M&M and others as accused. The Department has also filed an application for condonation of delay. We received notice from the Court of the Judicial Magistrate First Class Margao on 4th July 2018. M&M is contesting the matter is now posted on 15th November 2018 for hearing on the application for condonation of delay.

23. M&M received a notice bearing no. ILM/MEH/PCR/91/12 dated February 27, 2012 ("Notice no. 1") from the Inspector of Legal Metrology, Mehkar Division, Buldhana ("Inspector") under the Metrology Act alleging that De Sc- Air Filter having Mahindra package ("Package") seized from the shop of M/s Shobha Automobiles ("Manufacturer") did not contain the date of packing and customer care number.

On March 12, 2012, M&M filed an interim reply seeking 30 days' time for assimilating the information. On April 09, 2012, M&M filed a detailed reply stating that on inspection of the Package by executive of M&M, it was found that they were counterfeit products and not manufactured by M&M. M&M sent a legal notice bearing number dated April 9, 2012 to the Manufacturer to disclose the source of the seized product and full particulars of the supplier of counterfeit packages and also filed a police complaint against the Manufacturer on October 23, 2012. On August 07, 2012, M&M received notice from the Inspector bearing no. ILM/Court/Meh/401/2012 ("Notice no. 2") intimating M&M that a complaint has been filed before the Court of the First Class Judicial Magistrate, Mehakar, District Buldhana ("Magistrate Court"), requiring presence of M&M's representative on August 14, 2012. Aggrieved by Notice no. 2, M&M filed an appeal bearing no. 48 of 2012 dated November 9, 2012 before the Controller of Legal Metrology, Mumbai ("Controller") praying that Notice no. 1 and Notice no. 2 be quashed and set aside and filed its written submission on February 4, 2013 before the Controller. M&M further prayed for the stay of implementation/ action/ prosecution etc. However, the Controller disposed of the appeal as pre-mature. M&M also filed a complaint against the Manufacturer under the provisions of the Indian Penal Code, 1860 and The Trade Marks Act, 1999. On July 30, 2013, M&M filed a criminal application (quashing petition) bearing no. 459 of 2013 before Bombay High Court (Nagpur Bench). On August 20, 2013 the petition was admitted and the interim stay was granted. On October 5th 2018, the matter came up for final hearing & the Hon'ble Court, granted relief to M & M and all its Directors by quashing the criminal proceedings initiated by the Legal Metrology Inspector.

24. M&M received a show cause notice bearing no. J.N./kh.A./Notice/116-17/15 ("Notice") dated March 27, 2015 from the Agricultural Officer, Rajkot ("Authority") under the Insecticides Act, 1968 (the Insecticides Act"). The notice alleged that the sample of sarvodaya seeds ("Product") manufactured by Acme Organics Pvt. Ltd. (the "Manufacturer") contains 32.90% of Profenophos instead of 40%, thereby violating the provisions of the Insecticide Act for misbranding, and to show cause why no action shall be instituted against M&M. M&M replied to the notice denying all allegations and contended that they are not the manufacturers of the Product and hence cannot be held liable under the Insecticides Act. M&M has not received a reply from the Authority. The matter is closed.

25. An order dated August 25, 2014 ("Order") was passed by the Competition Commission ("Commission") of India based upon information filed by Mr. Shamsher Kataria against 17 automobile manufacturers, including M&M, for non-availability of automobile spare parts in open market, thereby violating the provisions of the Competition Act, 2002 ("Competition Act"). The Commission passed the Order against 14 automobile manufactures including M&M, imposed a penalty of ₹ 29,225 lakhs on M&M and issued directions for compliance of the provisions of the Act. Aggrieved by the Order, M&M filed a writ of mandamus on September 22, 2014, before the Delhi High Court, inter alia, challenging section 22(3), section 27 (b) of the Competition Act and regulation 48 (1) of the Competition Commission of India (General) Regulations, 2009 as ultra vires. The High Court ("High Court") of Delhi stayed the Order. M&M has filed a writ petition before the Delhi High Court against the CCI Order. The matter is currently pending.

26. A summon bearing no. MH/51100/PF/SRO/NSK/Comp-Exm/2894/19 dated November 23, 2011 was issued to M&M by Regional Provident Fund Commissioner, Nasik ("RPFC, Nasik") under section 7A of the Employee Provident Fund and Miscellaneous Provisions Act, 1952 ("EPF Act"). The summon alleged that M&M did not extend provident fund benefits to contractor's employees and transport contractor's employees for the period July, 2006 to March, 2009 in respect of its establishment located at 89, MIDC, Satpur, Nasik ("Establishment"). The summon directed M&M to appear in person or through an authorized representative before the office of the RPFC, Nasik. M&M filed its reply dated January 4, 2016 to the summon contending that their main office situated at Automotive Sector, Akurli Road, Kandivali (E), Mumbai ("Main Office") maintains the Mahindra & Mahindra Limited Employees Provident Fund Trust ("MMEPF Trust") wherein all contribution towards the employee provident fund of the Establishment is made and necessary compliance audit is done by the Regional Provident Fund Commissioner, Kandivali ("RPFC, Kandivali"). M&M filed its written statement on January 04, 2016 before the RPFC, Nasik. The hearing of the matter was over on December 16, 2016 and the RPFC, Nasik vide its order dated January 9, 2017 closed the matter directing that if a complaint is received under the provisions of the EPF Act, the matter is to be examined under the relevant provisions of the EPF Act and M&M to comply with the same.

27. M&M received a notice bearing no. 187 dated October 4, 2014 ("Notice") from the Legal Metrology Inspector, Ghaziabad under the Legal Metrology Act ("Metrology Act"). The notice alleged that M&M published an advertisement in an English newspaper dated October 2, 2014 mentioning the unit 'inch' (new stunning 17" alloy wheels and new 6" touch screen infotainment), thereby violating section 11 of the Metrology Act read with rule 29 of the Legal Metrology Rules, 2011 ("Rules"). M&M filed its interim reply dated October 25, 2014 to the notice seeking an additional 30 days for assimilating the relevant information. M&M filed a final reply dated March 11, 2015 intending to compound the alleged contravention and pay the compounding amount. The matter has been compounded and closed whereby M&M has paid a compounding amount of Rs. 1.2 Lakh on March 11, 2015.

28. A notification number CLA-08/2011/CR194/Lab-10 dated December 9, 2011 ("Notification") was issued by the Government of Maharashtra prohibiting employment of contract labor for cleaning, maintenance, gardening, material supply, electrical maintenance, fabrication, internal transport, security, machine repairing and other technical works in the tractor division of M&M, Nagpur Plant. M&M by a petition bearing no. 503/2012 dated January 17, 2012 challenged the Notification before the Nagpur bench of the Bombay High Court (the "High Court"). The High Court by an order dated December 24, 2013, dismissed the notification and directed the Contract Labor Advisory Board ("Advisory Board") to decide the matter. Subsequently, the Government of Maharashtra passed an order dated September 18, 2014 withdrawing the notification for one year, subject to submission of an undertaking from M&M. M&M submitted an undertaking dated November 14, 2014 to the Advisory Board undertaking to, inter alia, (i) ensure that if the contractor changes, the laborers will not be changed; (ii) enhance wages of the laborers and improve their service conditions through wage agreements; (iii) giving preference to contract labor in case of vacancy in permanent workmen. Last meeting of the Advisory Board was called on November 23, 2016, but was adjourned and no date was fixed for further hearing. Since there is no notice alleging violation of any statute, the matter is being treated as closed.

29. M&M received a notice bearing no. 1671203 dated March 17, 2016 ("SCN") under the Metrology Act from the Legal Metrology Inspector, Shimoga. The notice alleged that on inspection of the trading premises of Mahant Motors, Sagar Road, Near Alkola, Shivmogga it was found that declaration of Retail Sale Price on the 4 packages of Mahindra tank Unit did not mention on the packages manufactured by M&M, thereby violating Section 18 of the Metrology Act and Rule 6 (1) (e) of the Legal Metrology (Packaged Commodities) Rules, 2011. M&M filed an interim reply dated April 11, 2016 for seeking 30 days' time for assimilating the information. The matter has been compounded and closed *vide* closure letter dated June 4, 2016, whereby M&M has paid a compounding amount of Rs 50,000.

30. M&M received a notice bearing no. 58 dated March 22, 2017 ("SCN") under the Metrology Act from the Legal Metrology Inspector, Raebareli. The notice alleged that a tractor advertisement which was published in Dainik Jagaran mentioned the lifting capacity as 1640 'kgs' which is non-standard. The matter has been compounded and closed vide closure letter dated April 21, 2017 whereby M&M has paid a compounding amount of Rs. 1.1 Lakh..

31. M&M received a notice bearing no. 84 dated March 22, 2017 ("SCN") under the Metrology Act from the Legal Metrology Inspector, Lucknow. The notice alleged that a tractor advertisement which was published in Dainik Jagaran mentioned the lifting capacity as 1640 'kgs' which is non-standard. The matter has been compounded and closed whereby M&M has paid a compounding amount of Rs. 1.1 Lakh.

32. M&M received a notice bearing no. 30/17 dated January 30, 2017 ("SCN") under the Metrology Act from the Legal Metrology Inspector, Wani (Yavatmal), Maharashtra, regarding spare seized by him during inspection at retailer M/s Sanjay Tractors located at Wani. The seized spare did not have the declaration "inclusive of all taxes" printed alongside the maximum retail price. M&M filed a reply dated April 6, 2017 expressing its intention to compound the matter. The matter has been compounded and M&M has paid a compounding amount of Rs 1.8 Lakh.

33. M&M received a show cause notice dated August 10, 2016 from Inspector, Security Guard Board ("Board") alleging non-compliance of Section 25 of Obligations of Registered Principal Employers ("Scheme"). M&M filed a reply dated September 15, 2016 stating that there is no non-compliance since the Gateway Building is a separate establishment and is not registered with the Board as it sources

security guards from an agency which has applied for exemption from the Scheme as per law. The relevant documents were provided to the Board. The matter is currently pending.

34. M&M received a notice dated July 11, 2016 giving reference of notices issued earlier on behalf of M/s. Sell Ads (authorized contractor appointed by Amravati Municipal Corporation for collection of advertisement tax) demanding advertisement tax of Rs.7,93,844 for the period February 2013 to March 2017. Earlier they had issued separate notices for the financial years 2013-14, 2014-2015 and 2015-2016 separately. M&M has replied to the notice denying any liability. The matter is currently pending.

35. M&M received a show cause notice dated May 20, 2017 from the Legal Metrology Inspector, Chamarajanagar, Mysore, alleging that the retail sales price was declared without the currency symbol on the three seized pre-packages of Mahindra Suction Filter (40 Micron)-HII, thereby violating certain provisions of the Metrology Act, 2009 (the "SCN"). M&M filed a reply dated June 8, 2017 to the SCN seeking compounding of the aforesaid violation. The matter has been compounded and M&M has paid a compounding amount of Rs 3.05 Lakh.

36. M&M received a show cause notice dated August 10, 2016 from the Inspector, Security Guard Board alleging non-compliance of certain provisions of the Private Security Guards (Regulation of Employment and Welfare) Scheme, 2002 pertaining to payment of wages to registered security guards and maintenance of records (the "SCN"). M&M filed a reply dated September 15, 2016 to the SCN. The matter has been compounded and M&M has paid a compounding amount of Rs. 1.1 Lakh.

37. M&M received a notice bearing no. 15 dated June 20, 2017 ("Notice") under the Metrology Act from the Legal Metrology Inspector, Kanpur. The notice alleged that a tractor advertisement which was published in the 'Amar Ujala; newspaper mentioned the back tyres as 13.6" x 28" which is non-standard unit of measurement. M&M filed a reply dated 29th June, 2017 to the SCN. The matter has been compounded and M&M has paid a compounding amount of Rs. 1.1 Lakh.

38. Mahindra Agri Solutions Limited ("MASL"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated July 12, 2017 from the Plant Protection Officer, Farukabad, which was also marked to our Promoter, stating that certain insecticide manufactured by our Promoter was misbranded as the active ingredient content Chlorpyrifos 20% EC was found at 14.89% against 20% as was stated in the label of the insecticide. MASL filed a reply dated September 5, 2016. MASL has not received any reply from the authorities as on date.

39. Mahindra Agri Solutions Limited ("MASL"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated September 3, 2016 from the Divisional Quality Control Inspector, Pune and a copy of the same was marked to our Promoter stating that sample of certain insecticide manufactured by Mitul Industries and marketed by MASL and our Promoter does not conform to the relevant CIB/BIS specifications and accordingly is misbranded. MASL filed a reply dated September 12, 2016. MASL has not received any reply from the authorities as on date.

40. Mahindra Agri Solutions Limited ("MASL"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated January 7, 2017 from the Plant Protection Officer, Farukabad, and a copy of the same was marked to our Promoter stating that certain insecticide manufactured by our Promoter and marketed by MASL was misbranded since the active ingredient content of Alphacypemethrin 10% E.C was found at 7.56% E.C. MASL filed a reply dated February 17, 2017. MASL has not received any reply from the authorities as on date.

41. M&M received a show cause notice dated September 13, 2017 bearing no. 37 ("SCN") from the Senior Inspector of Legal Metrology, Department of Weights and Measurements, Government of Uttar Pradesh -Varanasi alleging that on September 11, 2017 in an advertisement ("Advertisement") of the Mahindra Supro Mini Truck published in the 'Hindustan' on page number 15, the length of the deck of the Mahindra Supro Mini Truck was wrongly calculated and mentioned as 2280mm (7.5 feet) instead of 7.6 feet thereby violating the provisions of section 11 of the Legal Metrology Act, 2009 and punishable under

sections 29 and 49 of the Legal Metrology Act, 2009. On September 25, 2017, M&M filed a reply to the SCN explaining how we arrived at the calculation and that the correct figure would be 7.5 feet as given in the Advertisement. On October 5, 2017, the Promotor received a reply from the Senior Inspector of Legal Metrology stating that any sort of approximation of a value is wrong and only the exact corresponding value, upon conversion, should be mentioned. M&M filed a reply dated October 27, 2017 to the Legal Metrology Officer. No further communication from the Legal Metrology Officer has been received in this matter which is now barred by limitation.

42. M&M received a show cause notice dated 15th November, 2017 bearing no. 476 ("SCN") from the Inspector of Legal Metrology, Patiala, Punjab alleging that on 9th November, 2017 in an advertisement published in the 'Dainik Bhaskar' newspaper the size of 2-Tone alloys was expressed in non-standard units of measurement. M&M filed a reply on 27th November, 2017 to the SCN. The matter has been compounded and M&M has paid a compounding amount of Rs. 1.1 Lakh.

43. M&M received a show cause notice dated 18th November, 2017 bearing no. 802 ("SCN") from the Senior Inspector of Legal Metrology, Jaunpur, Uttar Pradesh alleging that on 11th October, 2017 an advertisement of Mahindra Pick Up Truck 1500 kg load published in the newspaper 'Dainik Hindustan' (Varanasi edition), the length of the deck of the Mahindra Pick Up Truck was mentioned as 2765 mm (9ft). (9 ft) when converted to millimeter amounts to 2743.32mm and not 2765 mm as mentioned in the advertisement. M&M filed a reply on 24th November, 2017 to the SCN. No further communication from the Senior Legal Metrology Officer has been received in this matter which is now barred by limitation.

44. M&M received a show cause notice dated 27th November, 2017 bearing No. 33 ("SCN") from the Inspector of Legal Metrology, Hathras, UP alleging that in an advertisement of the Mahindra KUV100 NXT played on FM radio 'Tadka', the size of the screen of the entertainment system was expressed in non-standard units of measurement. M&M filed a reply on 8th December, 2017 to the SCN. No further communication from the Legal Metrology Officer has been received in this matter which is now barred by limitation.

45. M&M received a show cause notice (no. 347) dated 28th December, 2017 ("SCN") from the Sr. Inspector of Legal Metrology, Lucknow, UP alleging that, in an advertisement of the Mahindra KUV100 NXT published in the local newspaper 'Amar Ujala', on 27th December the size of the touchscreen infotainment system and the size of the 2-tone alloys was expressed in non-standard unit of measurement (inch). M&M filed a reply on 15th January, 2018 to the SCN. The matter has been compounded and M&M has paid a compounding amount of Rs. 1.1 Lakh.

46. M&M received a show cause notice (no. 15) dated 18th January, 2018 ("SCN") from the Sr. Inspector of Legal Metrology, Lucknow, UP alleging that, in an advertisement of Mahindra XUV 500 published in the local newspaper 'Amar Ujala' on 18th January, 2018 the size of the touchscreen infotainment system was expressed in non-standard unit of measurement "inch". M&M filed a reply on 22nd January, 2018 to the SCN. The matter has been compounded and M&M has paid a compounding amount of Rs. 1.1. Lakh.

47. M&M received a show cause notice dated 19th February, 2018 from the Inspector of Legal Metrology ("SCN") stating that on 6th February, 2018 packages of "Genuine Services Parts" manufactured by M&M without declaration or label of MRP as required under section 18(1) of the Legal Metrology Act, 2009 read with rule 18(1), 6(1) of the Legal Metrology (Packaged Commodities) Rules, 2011 was found during an inspection at a shop in Jagiroad, Morigaon, Assam, and two packages as sample were seized. M&M filed a reply on 13th March, 2018 to the SCN. Post inspection of the seized parts by M&M, another detailed reply was sent to the inspector on 15th March, 2018 explaining that the seized parts were spurious parts. Further to this, detailed reply was sent to the Dy. Controller on 2nd August 2018 and subsequently the Company representatives visited his office on 24th August 2018 with the genuine parts and explained the differences through a comparative examination. He was satisfied with the examination and agreed to drop the matter. Though no written order is received till date, in view of the oral comments and the fact that the limitation period for filing prosecution is over, this matter is treated as closed.

48. M&M received a show cause notice dated 16th March, 2018 from the Sr. Inspector of Legal Metrology, Lucknow, UP ("SCN") alleging that in an advertisement of the Mahindra Supro School Van published in the local daily newspaper 'Amar Ujala' on 16th March, 2018, the symbol of kilometre mentioned in

the vehicle warranty coverage for a period of 2 years or 60,000 KMS was not expressed in accordance with the standard unit of measurement. M&M filed a reply on 19th March, 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs. 1.1. Lakh.

49. M&M received a show cause notice dated 30th May, 2018 from the Senior Inspector of Legal Metrology, Aligarh, UP ("SCN") alleging that in an advertisement of the Mahindra Jivo (20HP/2WD) and Mahindra Yuvraj (215NXT) Tractors published in the hindi daily newspaper ''Hindustan" on 29th May, 2018, the use of non-standard unit of measurement 'inch' was made. M&M filed a reply on 23rd July, 2018 to the SCN.. The matter has been compounded and M&M paid a compounding amount of Rs. 1 Lakh.

50. M&M received a show cause notice dated 4th June, 2018 from the Senior Inspector of Legal Metrology, Hathras, UP ("SCN") alleging that in an advertisement of the Mahindra Jivo 20HP/2WD Tractor published in the Hindi daily newspaper ''Hindustan" on 29th May, 2018, use of non-standard unit of measurement of '30 inches' was mentioned to measure the narrow track width of the tractor. M&M filed a reply on 23rd July, 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs.1 Lakh.

51. M&M received a show cause notice dated 7th June, 2018 from the Senior Inspector of Legal Metrology, Kheri, UP ("SCN") alleging that in an advertisement of the Mahindra Tractors published in the ''Amar Ujala" newspaper on 6th June, 2018 the use of non-standard unit of measurement 'inch' was mentioned. M&M filed a reply on 21st June, 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs. 1.1.Lakh.

52. M&M received a show cause notice dated 9 June, 2018 from the Senior Inspector of Legal Metrology, Lucknow, UP ("SCN") alleging that in an advertisement of the Mahindra Tractors published in the Hindi daily newspaper ''Hindustan" on 9th June, 2018 the use of non-standard unit of measurement 'inch' was mentioned. M&M filed a reply on 26 June, 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs. 1.1 Lakh.

53. M&M received a show cause notice dated 18th June, 2018 from the Senior Inspector of Legal Metrology, Ferozabad, UP ("SCN") with respect to an advertisement of the Mahindra 575DI Tractor published in the Hindi daily newspaper "Dainik Jagran" on 17th June, 2018, the size of the LED TV which was a free offer on purchase of a Mahindra 575DI Tractor was expressed in non-standard unit of measurement 'inch'. M&M filed a reply on 1 August, 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs. 1 Lakh.

54. M&M received a show cause notice dated 29th June, 2018 from the Senior Inspector of Legal Metrology, Hathras, UP ("SCN")with respect to an advertisement of the Mahindra 575DI and 585DI Tractor published in the hindi daily newspaper "Dainik Jagran" on 15th June, 2018, wherein the size of the LED TV which was a free offer on purchase of a tractor was expressed in non-standard unit of measurement 'inch' thereby violating the provisions of section 11 of the Legal Metrology Act, 2009. The original notice was not received by M&M and the matter came to our knowledge when a reminder notice dated 26 September, 2018 was received by us on 29th September 2018. M&M filed a reply on 1 October, 2018 to the SCN. No further communication from the Senior Inspector of Legal Metrology has been received in this matter.

55. M&M received a show cause notice dated 2nd July, 2018 from the Senior Inspector of Legal Metrology, Kanpur, UP ("SCN") with respect to an advertisement of the Mahindra 575DI Tractor published in the Hindi daily newspaper ''Dainik Jagran" on 15th June, 2018, the size of the LED TV which was a free offer on purchase of a Mahindra 575DI Tractor was expressed in non-standard unit of measurement 'inch'. M&M filed a reply on 2 August 2018 to the SCN. The matter has been compounded and M&M paid a compounding amount of Rs. 1 Lakh.

**Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company**

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, there is no material fraud committed against our Company in the last five Fiscals.The total amount involved in all acts of fraud committed against our Company in the last five Fiscals is set forth below:

***(Rs. in lakhs)***

| Fiscal 2018 | Fiscal 2017 | Fiscal 2016 | Fiscal 2015 | Fiscal 2014 |
|---|---|---|---|---|
| 143 cases of fraud aggregating to Rs. 230.08 lakhs | 176 cases of frauds aggregating to Rs. 397.06 lakhs | 150 cases of frauds aggregating to Rs. 559.99 lakhs | 119 cases of frauds aggregating to Rs. 354 lakhs | 77 cases of fraud aggregating to Rs. 560.32 lakhs mainly in the nature of misappropriation of assets |

## REGULATIONS AND POLICIES

*The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution, carrying on as its business or part of its business of, *inter alia*, the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own, and is engaged in the acquisition of shares, stock, bonds, debentures and/or securities issued by the Government or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business, but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods (other than securities) or the providing of any services or the sale, purchase and/or construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration ("**CoR**"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NOF**") from ₹ 25 lakhs to ₹ 200 lakhs for the NBFC which commences business on or after April 21, 1999 also it shall be mandatory for all NBFCs to attain a minimum NOF of ₹ 200 lakhs by the end of 1 April 2017.

NBFCs failing to maintain NOF of ₹ 200 lakhs in the prescribed time shall not be eligible to hold a certificate of registration as an NBFC.

### 1. Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial Company –Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**") and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 ("**Public Deposit Directions**"). In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

### 2. Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs; and;

(iv) NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

**3. Types of NBFCs:**

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("**NBFC-D**") or as a non-deposit accepting NBFC ("**NBFC-ND**").

NBFCs registered with RBI are further classified as:

(i) asset financing companies;

(ii) investment companies;

(iii) loan companies;

(iv) infrastructure finance companies;

(v) systematically important core investment companies;

(vi) infrastructure debt fund – NBFCs;

(vii) NBFC- Factors;

(viii) Mortgage guarantee Company;

(ix) NBFC- Non operative financial holding company; and/or

(x) NBFC – micro finance institutions.

(xi) Non-Banking Financial Company-Peer to Peer Lending Platform.

Our Company has been classified as an NBFC-D and is further classified as an "asset finance company." An asset finance company is an NBFC whose whole principal business is to finance physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

**4. Regulatory Requirements of an NBFC under the RBI Act**

*Net Owned Fund*

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs (Rupees Two Hundred Lakhs Only). For this purpose, the RBI Act has defined "net owned funds" to mean:

(a) the aggregate of the paid-up equity capital, preference shares which are compulsorily convertible into equity and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of loss, (ii) deferred revenue expenditure, (iii) deferred tax assets (net); and (iv) other intangible assets; and

(b) further reduced by amounts representing,

(1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group,

to the extent such amount exceeds 10% of (a) above.

*Reserve Fund*

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI from time to time within 21 days from the date of such appropriation.

*Maintenance of liquid assets*

The RBI has prescribed that every NBFC shall invest, and continue to invest, in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day, be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the close of business on the last working day of the second preceding quarter.

**5. Obligations of NBFC-D under the Public Deposit Directions**

The RBI's Public Deposit Directions governs the manner in which NBFCs may accept and/or hold public deposits. The Public Deposit Directions places the following restrictions on NBFCs in connection with accepting public deposits:

1. Prohibition from accepting any demand deposits: NBFCs are prohibited from accepting or renewing any public deposit which is repayable on demand.

2. Ceiling on quantum of deposits: An asset finance company or a loan company or an investment company (a) having minimum NOF as stipulated by RBI, and (b) complying with all the prudential norms, may accept or renew public deposit, together with the amounts remaining outstanding in the books of the company as on the date of acceptance or renewal of such deposit, not exceeding one and one-half times of its NOF. Provided that an asset finance company holding public deposits in excess of the limit of one and one-half times of its NOF shall not renew or accept fresh deposits till such time they reach the revised limit. Provided also that no matured public deposit shall be renewed without the express and voluntary consent of the depositor.

3. Downgrading of credit-rating: In the event that a credit rating issued by a credit rating agency recognised by RBI, for an asset finance company is downgraded below the minimum specified investment grade, with respect to the relevant credit rating agency, the NBFC, being an asset finance company or a loan company or an investment company, shall regularise the excess deposit as provided hereunder:

   (a) forthwith stop accepting fresh public deposits and renewing existing deposits;

   (b) all existing deposits should runoff to maturity; and

   (c) report the position of the credit rating within fifteen working days, to the concerned Regional Office of the RBI where the NBFC is registered.

4. Ceiling on rate of interest: NBFCs are prohibited from inviting or accepting or renewing public deposit at a rate of interest exceeding twelve and half per cent per annum. Interest may be paid or compounded at rests which shall not be shorter than monthly rests.

   NBFCs are also prohibited from inviting or accepting or renewing repatriable deposits from Non-Resident Indians under the Non-Resident (External) Account Scheme at a rate exceeding the rate specified by the RBI for such deposits with Scheduled Commercial Banks (The period of repatriable deposits shall be not less than one year and not more than three years).

5. Minimum lock-in period: A NBFC is prohibited from granting any loan against a public deposit or making any premature repayment of a public deposit within a period of three months (lock-in period) from the date of acceptance of such public deposit.

Provided that in the event of the death of a depositor, a NBFC may repay the public deposit prematurely, even within the lock-in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor, nominee or legal heir, and only against submission of proof of death, to the satisfaction of the company.

**6. Obligations of NBFC-D under the Master Directions**

NBFC-Ds are required to comply with prescribed capital adequacy ratios, single and group exposure norms, and other specified prudential requirements prescribed under the Master Directions. Some of the important obligations are as follows:

(i) Income Recognition: NBFC-Ds are required to follow recognised accounting principles in connection with recognition of income. Income including interest/discount or any other charges on NPA is recognised only when it is actually realised. NBFCs may recognise income on accrual basis in respect of the projects under implementation, which are classified as "standard." NBFCs should not recognise income on accrual basis in respect of the projects under implementation which are classified as a "sub-standard" asset NBFCs may recognise income in such accounts only on realisation on cash basis. Any such income recognised before the asset became non-performing and remaining unrealised must be reversed. With respect to hire-purchase assets, where instalments are overdue for more than 12 months, income shall be recognised only when hire charges are actually received. Any such income taken to the credit of profit and loss account before the asset became non-performing and remaining unrealised must be reversed.

Consequently, NBFCs which have wrongly recognised income in the past should reverse the interest if it was recognised as income during the current year or make a provision for an equivalent amount if it was recognised as income in the previous year(s).

(ii) Asset Classification and provisioning of assets: Every NBFC-D is required to, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- Standard assets;
- Sub-standard assets;
- Doubtful assets; and
- Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation. Further, an NBFC-D must, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets in the manner prescribed by RBI.

(iii) Provisioning of Standard Assets: NBFCs are required to make a general provision of 0.30% as of 31 March 2016, 0.35% as of 31 March 2017 and 0.40% as of 31 March 2018 and thereafter of the outstanding standard assets. The provisions on standard assets are not reckoned for arriving at the net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions on Standard Assets' in the balance sheet.

(iv) Loans against NBFC's own shares prohibited: No NBFC-D can lend against its own shares.

(v) Capital Adequacy: Every non-banking financial company shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk

weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The total Tier I capital, at any point of time shall not be less than 8.5 percent by March 31, 2016 and 10 percent by March 31, 2017. The total of Tier II capital of any NBFC-D at any point of time shall not exceed one hundred percent of Tier I capital.

(vi) Disclosure Requirements: Every non-banking financial company is required to separately disclose in its balance sheet the provisions made in accordance with the applicable prudential norms prescribed by the RBI without netting them from the income or against the value of assets. Further, the provisions shall be distinctly indicated under separate heads of account as under:

- provisions for bad and doubtful debts; and
- provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the non-banking financial company. Such provisions for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves may be written back without making adjustment against them.

(vii) Fair Practices Code: The RBI has framed the Fair Practice guidelines, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to ensure that they meet the commitments and standards specified therein for the products and services they offer and in the procedures and practices their staff follows, their products and services meet relevant laws and regulations in letter and spirit, and their dealings with customers rest on ethical principles of integrity and transparency. Further, the said guidelines prescribe the requirements in connection with information to be provided and disclosures to be made by NBFCs to their customers. Accordingly, the guidelines require NBFCs to provide information on interest rates, common fees and charges, provide clear information explaining the key features of their services and products that customers are interested in, provide information on any type of product and service offered, that may suit the customer's needs, tell the customers about the various means through which products and services are offered, and provide more information on the key features of the products, including applicable interest rates / fees and charges.

(viii) KYC Guidelines: NBFCs have been advised, *vide* RBI Master Directions, 2016 dated February 25, 2016 ("**RBI KYC Directions**"), are mandated to KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies.

*Rating of Financial Product*

As per the Master Directions, all applicable NBFCs are required to furnish at the regional office of the RBI under whose jurisdiction the registered office of the NBFC is functioning, information relating to the upgrading and downgrading of assigned rating of any financial products issued by them within 15 days of such change.

*Norms for excessive interest rates*

All NBFCs are required to put in place appropriate internal principles and procedures in determining interest rates and charges for loans and advances. The Master Directions stipulate that the Board of each NBFC shall adopt an interest rate model after taking into account the various relevant factors, such as, among others, cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed in the application form and communicated explicitly in the sanction letter. Furthermore, the same is also required to be made available on the company's website or be published in the relevant newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

**7. Corporate Governance**

RBI vide its notification (DNBS.019/CGM (CDS)-2015) dated April 10, 2015, has laid down corporate governance guidelines for the consideration of all NBFC-Ds. The guidelines recommend that such NBFCs constitute an Audit Committee (to ensure that an information system audit of internal systems and processes is conducted at least once in two years to assess operational risks), a Nomination Committee (to ensure that fit and proper persons are nominated as directors on their respective boards) and a Risk Management Committee to institute risk management systems. Further, all NBFCs are required to obtain undertakings and a deed of covenant from all directors and furnish a quarterly statement to the RBI on change of directors along with a certificate from the managing director that 'fit and proper criteria' has been followed. All applicable NBFCs are required to disclose details pertaining to asset-liability profile, non-performing assets and movement of non-performing assets, details of exposures, etc. in their annual financial statements.

In addition to the above, NBFCs are required to rotate the partner of the chartered accountant firm conducting the audit every three years so that the same partner does not continuously conduct the audit of the company for more than a period of three years. NBFCs are also mandated to frame internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines which shall be published on the company's web-site, if any, for the information of various stakeholders.

**8. Accounting Standards & Accounting policies**

Subject to the changes in Indian Accounting Standards ("**IAS**") and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2018 and the same shall be applicable to our Company from April 1, 2018.

**9. Reporting by Statutory Auditor**

The statutory auditor of the NBFC-D is required to submit to the Board of Directors of our Company a report *inter-alia* certifying that such company has complied with the Master Directions relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts and standard assets as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

**10. Other Regulations**

**Applicable Foreign Investment Regime**

*FEMA Regulations*

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion (DIPP), GoI which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

RBI on September 09, 2016 vide Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Thirteenth Amendment) Regulations, 2016 made amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (Notification No. FEMA 20/2000-RB dated 3rd May 2000), in Schedule 1, in Annex B, Paragraph F.8 by providing FDI under automatic route up to 100% in Financial Services activities regulated by financial sector regulators, viz., RBI, SEBI, Insurance Regulatory and Development Authority, Provident Fund Regulatory Development Authority, National Housing Bank or any other financial sector regulator as may be notified by the Government of India subject to other conditions introduced vide paragraph F.8.1

*Foreign Direct Investment*

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy ("**FDI Policy**") by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the government route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions

Under the government route, prior approval from GoI is required. FDI for the items/ activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route.

Further:

Where FDI is allowed on an automatic basis without government approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where Government approval is required, concerned administrative ministry/department would be the competent authorities for the grant of post-facto approval for foreign investment.

***The Recovery of Debts due to Banks and Financial Institutions Act, 1993***

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than Rs. 10 lakhs; (ii) all series

of cash transactions integrally connected to each other which have been valued below Rs. 10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rs. 10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least five years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

**The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("*SARFAESI Act")***

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non-Performing Asset ("**NPA**"). Securitisation Companies and Reconstruction Companies ("**SCs/RCs**") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60% of the amount outstanding to a borrower as against 75%. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting *inter alia* any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act

***Insolvency and Bankruptcy Code, 2016***

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

***Companies Act, 2013***

The Companies Act, 2013 ("**Companies Act**") has been notified by the Government of India on 30 August 2013 (the "**Notification**"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated 12 September 2013 and 26 March 2014 notified certain sections of the Companies Act, which have come into force from 12 September 2013 and 01 April 2014.

The Companies Act, 2013 ("**Companies Act**") provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act, every company having net worth of Rs. 5,000 million or more, or turnover of Rs. 10,000 million or more or a net profit of Rs. 50 million or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

**Laws Relating to Employment**

*Shops and Establishments legislations in various states*

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

*Labour Laws*

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

**Laws relating to Intellectual Property**

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**

At the meeting of the Board of Directors of our Company, held on July 27, 2018 the Directors approved the issue of NCDs to the public in one or more tranches, upto an amount not exceeding ₹ 10,000 crores. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated June 14, 2018.

**Prohibition by SEBI**

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Neither our Company nor any of our Promoter or Directors is a wilful defaulter or it is in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED, A. K. CAPITAL SERVICES LIMITED, AXIS BANK LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED, TRUST INVESTMENT ADVISORS PRIVATE LIMITED, YES SECURITIES (INDIA) LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, AXIS BANK LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED, TRUST INVESTMENT ADVISORS PRIVATE LIMITED, YES SECURITIES (INDIA) LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•].**

**DISCLAIMER CLAUSE OF THE BSE**

**BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED [•], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:**

**A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

**B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

**C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**

**DISCLAIMER CLAUSE OF THE RBI**

**THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED SEPTEMBER 4, 1998 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.**

**DISCLAIMER CLAUSE OF CRISIL**

**"CRISIL RESEARCH, A DIVISION OF CRISIL LIMITED (CRISIL) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THIS REPORT (REPORT) BASED ON THE INFORMATION OBTAINED BY CRISIL FROM SOURCES WHICH IT CONSIDERS RELIABLE (DATA). HOWEVER, CRISIL DOES NOT GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE DATA / REPORT AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF DATA / REPORT. THIS REPORT IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE REPORT AND NO PART OF THIS REPORT SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THIS REPORT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD.**
**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLAINCES FOR USE OF THE REPORT OR PART THEREOF OUTSIDE INDIA. CRISIL RESEARCH OPERATES INDEPENDENTLY OF, AND DOES NOT HAVE ACCESS TO INFORMATION OBTAINED BY CRISIL'S RATINGS DIVISION / CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LTD (CRIS), WHICH MAY, IN THEIR REGULAR OPERATIONS, OBTAIN INFORMATION OF A CONFIDENTIAL NATURE. THE VIEWS EXPRESSED IN THIS REPORT ARE THAT OF CRISIL RESEARCH AND NOT OF CRISIL'S RATINGS DIVISION / CRIS. NO PART OF THIS REPORT MAY BE PUBLISHED/REPRODUCED IN ANY FORM WITHOUT CRISIL'S PRIOR WRITTEN APPROVAL."**

**DISCLAIMER CLAUSE OF INDIA RATINGS**

**ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONSAND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS. IN ADDITION, RATING DEFINITIONS ANDTHE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL**

**TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTSOF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OFCONDUCT SECTION OF THIS SITE.**

**DISCLAIMER STATEMENT OF CARE**

**CARE RATINGS ARE OPINIONS ON CREDIT QUALITY AND ARE NOT RECCOMMENDATIONS TO SANCTION, RENEW, DISBURSE OR RECALL THE CONCERNED BANK FACILITIES OR TO BUY, SELL, OR HOLD ANY SECURITY. CARE HAS BASED ITS RATINGS/OUTLOOKS ON INFORMATION OBATINED FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. CARE DOES NOT HOWEVER, GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY INFORMATION AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF SUCH INFORMATION. MOST ENTITIES WHOSE BANK FACILITIES/ INSTRUMENTS ARE RATED BY CARE HAVE PAID A CREDIT RATING FEE, BASED ON THE AMOUNT AND TYPE OF BANK FACILITIES/ INSTRUMENTS.**

**IN CASE OF PARTNERSHIP/PROPRIETARY CONCERNS, THE RATING/OUTLOOK ASSIGNED BY CARE IS BASED ON THE CAPITAL DEPLOYED BY THE PARTNERS/ PROPRIETOR AND THE FINANCIAL STRENGTH OF THE FIRM, AT PRESENT. THE RATING/OUTLOOK MAY UNDERGO CHANGE IN CASE OF WITHDRAWAL OF CAPITAL OR UNSECURED LOANS BROUGHT IN BY THE PARTNERS/ PROPRIETORS IN ADDITION TO THE FINANCIAL PERFORMANCE AND OTHER RELEVANT FACTORS.**

**DISCLAIMER STATEMENT FROM THE ISSUER**

**THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS DRAFT SHELF PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER OWN RISK.**

**Track record of past public issues handled by the Lead Managers**

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

| Name of Lead Manager | Website |
|---|---|
| Edelweiss Financial Services Limited | www.edelweissfin.com |
| A.K. Capital Services Limited | www.akgroup.co.in |
| Axis Bank Limited | www.axisbank.com |
| ICICI Securities Limited | www.icicisecurities.com |
| SBI Capital Markets Limited | www.sbicaps.com |
| Trust Investment Advisors Private Limited | www.trustgroup.in |
| YES Securities (India) Limited | www.yesinvest.in |

**Listing**

An application has been made to the BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Shelf Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the relevant Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription to any one or more of the series, such NCDs with series shall not be listed.

**Consents**

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer (c) Bankers to our Company (d) Lead Managers; (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) the Debenture Trustee (i) Chief Financial Officer (j) Bankers to the Issue in respective tranche, (k) Refund Bank, (l) CRISIL for "CRISIL Research on Retail Finance – Auto dated 2 November, 2018", "CRISIL Research on Retail Finance – Housing dated 2 November, 2018", "CRISIL Research on Retail Finance – Cars and Utility Vehicles dated 2 November, 2018" and "CRISIL Research on Retail Finance – Tractors dated 2 November, 2018", to act in their respective capacities, have been obtained and the same will be filed along with a copy of this Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus with the ROC.

The consent of the Statutory Auditors of our Company, namely B S R & Co. LLP, Chartered Accountants for (a) inclusion of their name as the Statutory Auditors, (b) examination reports on Reformatted Financial Information and Limited Reviewed Financial Results (c) statement of tax benefits in the form and context in which they appear in this Draft Shelf Prospectus have been obtained and has not withdrawn such consent and the same will be filed with the BSE and the RoC, along with a copy of the Shelf Prospectus and Tranche Prospectus(es).

**Expert Opinion**

Except the following, our Company has not obtained any expert opinions in connection with this Draft Shelf Prospectus:

- Vide letter dated November 5, 2018 our Company has received consent from B S R & Co. LLP, Chartered Accountants, Statutory Auditors of our Company to include their name as an expert under Section 26(5) of the Companies Act 2013 in the Draft Shelf Prospectus in relation to the examination report dated November 5, 2018 ,limited review report on the Limited Review Financial Results for the half year ended 30 September, 2018 and statement of tax benefits dated November 5, 2018 to be included in the Draft Shelf Prospectus and Prospectus and such consent has not been withdrawn as on the date of this Draft Shelf Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in this Draft Shelf Prospectus.
- Vide letters dated September 29, 2018 and revalidated via revalidation letter dated October 31, 2018 and October 3 and revalidated by revalidation letter dated November 2, 2018 respectively, our Company has received consents respectively from CARE and India Ratings to include their name as an expert under Section 26(5) of the Companies Act 2013 in the Draft Shelf Prospectus and the Shelf Prospectus and such consent has not been withdrawn as on the date of this Draft Shelf Prospectus.

**Common form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

**Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

**Filing of the Draft Shelf Prospectus**

A copy of the Draft Self Prospectus will be filed with the BSE in terms of Regulation 7 of the SEBI Debt Regulations for dissemination on their website.

**Filing of the Shelf Prospectus and Tranche Prospectus with the RoC**

Our Company is eligible to file a Shelf Prospectus as per requirements of Section 6A of SEBI Debt Regulations. A copy of the Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

**Debenture Redemption Reserve**

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-lA of the RBI (Amendment) Act, 1997 shall be 25% of the value of the outstanding debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the outstanding NCDs as on date, issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31st day of March of that year.

**Issue Related Expenses**

The expenses of this Issue include, *inter alia*, lead management fees and selling commission to the lead managers, lead-brokers, fees payable to debenture trustees, underwriters, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses shall be as specified in the relevant Tranche Prospectus.

**Reservation**

No portion of this Issue has been reserved

**Public / Rights Issues**

**Public / Rights Issues by our Company during last 5 (five) years from the date of the Draft Shelf Prospectus**

Our Company undertook a public issue of unsecured, redeemable, subordinated non-covertible debentures of face value of ₹1,000 each in Fiscal 2018. The particulars of which have been set forth below:

| | |
|---|---|
| **Date of Opening** | July 10, 2017 |
| **Date of Closing** | July 14, 2017 |
| **Total Issue Size** | ₹250 crores with an option to retain oversubsucrpiton upto ₹1,750 crores |
| **Date of Allotment** | July 24, 2017 |
| **Date of Refunds** | July 25, 2017 |

| | |
|---|---|
| **Date of Listing** | July 27, 2017 |
| **Utilisation of Proceeds** | In accordance with the provisions of the Shelf Prospectus dated 29 June 2017, the issue proceeds have been utilised for the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital and other general corporate purposes. |

Our Company undertook a public issue of unsecured, redeemable, subordinated non-covertible debentures of face value of ₹1,000 each in Fiscal 2017. The particulars of which have been set forth below:

| | |
|---|---|
| **Date of Opening** | May 25, 2016 |
| **Date of Closing** | May 26, 2016 |
| **Total Issue Size** | ₹250 crores with an option to retain oversubsucrpiton upto ₹750 crores |
| **Date of Allotment** | June 6, 2016 |
| **Date of Refunds** | June 6, 2016 |
| **Date of Listing** | June 9, 2016 |
| **Utilisation of Proceeds** | In accordance with the provisions of the Shelf Prospectus dated July 17, 2016, the issue proceeds have been utilised for the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital and other general corporate purposes. |

Our Company undertook a preferential allotment of 2,50,00,000 Equity Shares of face value of Rs. 2 each in the Fiscal 2017. The particulars of which have been set forth below:

| | |
|---|---|
| **Date of Opening** | N.A. |
| **Date of Closing** | N.A. |
| **Date of Allotment** | November 29, 2017 |
| **Date of Listing** | November 30, 2017 |
| **Total Issue Size** | ₹1,05,500 lakhs |
| **Utilisation of Proceeds** | The issue proceeds have been utilized to meet the Company's business growth and funding requirements, investment in its subsidiaries and joint venture, strengthen its capital adequacy and for general corporate purposes. |

Our Company undertook a qualified instirtutional placement of 2,40,00,000 Equity Shares of face value of Rs. 2 each in the Fiscal 2017. The particulars of which have been set forth below:

| | |
|---|---|
| **Date of Opening** | November 30, 2017 |
| **Date of Closing** | December 5, 2017 |
| **Total Issue Size** | ₹1,05,600 lakhs |
| **Date of Allotment** | November 7, 2017 |
| **Utilisation of Proceeds** | In accordance with the provisions of the Preliminary Placement Document is dated November 30, 2017, the issue proceeds have been utilised for augmentation of long-term resources to enable business growth and funding requirements, investment in the Company's Subsidiaries and Joint Venture, strengthening of the Company's capital adequacy and for general corporate purposes. |

**Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding**

As on March 31, 2018, our Company has listed rated/ unrated, secured/ unsecured, non-convertible redeemable debentures and listed subordinated debt. For further details see "***Financial Indebtedness***" on page 147 of this Draft Shelf Prospectus.

**Dividend**

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The following table details the dividend declared by our Company on the Equity Shares for the Fiscals 2018, 2017, 2016, 2015 and 2014.

| Particulars | For the year ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Interim Dividend** | | | | | |
| Rate of Dividend | - | - | - | - | - |
| Dividend per share (in ₹) | - | - | - | - | - |
| Amount of Interim Dividend (excluding dividend distribution tax) | - | - | - | - | - |
| **Final Dividend for the previous year** | | | | | |
| Rate of Dividend | 200% | 120% | 200% | 200% | 190% |
| Dividend per share (in ₹) | 4.00 | 2.40 | 4.00 | 4.00 | 3.80 |
| Amount of Dividend (excluding dividend distribution tax) (₹ in lakhs) | 24,710.60 | 13,650.36 | 22,750.60 | 22,750.60 | 21,613.07 |
| Dividend Distribution Tax | 4,667.83 | 2,446.94 | 4,376.27 | 4,424.02 | 3,544.75 |

**Revaluation of assets**

Our Company has not revalued its assets in the last five years.

**Mechanism for redressal of investor grievances**

The Registrar Agreement dated November 5, 2018 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

**Karvy Computershare Private Limited**
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032
Tel: 91 40-6716 2222
Fax: 91 40-2300 1153
Email: einward.ris@karvy.com
Investor Grievance Email: mahindrafinance.ncdipo2@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U74140TG2003PTC041636

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla
Company Secretary and Compliance Officer
Mahindra and Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli, Mumbai –400 018
Tel: +91 22 22 6652 6000 (Board) / 6652 6017
Fax: +91 22 24984170/71
Email: investorhelpline_mmfsl@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, transfers, or interest on application amount etc.

**Change in Auditors of our Company during the last three years**

Details of change(s) in the Statutory Auditors of our Company in the last 3 (three) financial years preceding the date of this Draft Shelf Prospectus as follows:

| Name | Address | Date of appointment / resignation | Auditor of our Company since (in case of resignation) | Remarks |
|---|---|---|---|---|
| B. K. Khare & Co., Chartered Accountants | 706-708, Sharda Chambers, New Marine Lines, Mumbai – 400 020 | July 24, 2017 | 31 May 1991 to 24 July 2017 (upto conclusion of the AGM) | NIL |
| B S R & Co. LLP, Chartered Accountants | 5th Floor, Lodha Execelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India | July 24, 2017 (from the conclusion of the AGM) | N.A. | NIL |

**Details of overall lending by the Company as of March 31, 2018**

***A. Type of loans:***

The detailed break-up of the type of loans given by the Company as on March 31, 2018 is as follows:

***(₹ in lakhs)***

| Sl. No. | Type of Loans | Amount |
|---|---|---|
| 1. | Secured | 48,20,659.65 |
| 2. | Unsecured | 2,41,015.68 |
| | **Total** | **50,61,675.33** |

***B. Sectoral Exposure as on March 31, 2018***

| Sl. No. | Segment wise break up of AUM | Percentage of AUM |
|---|---|---|
| 1. | Agriculture & allied activities | 14.4% |
| 2. | Auto loans | 72.2% |
| 3. | MSME | 11.8% |
| 4. | Corporate borrowers | 1.5% |
| 5. | Unsecured personal loans | 0.04% |

| Sl. No. | Segment wise break up of AUM | Percentage of AUM |
|---|---|---|
| 6. | Agriculture & allied activities | 14.4% |
| | **Total** | **100%** |

***C. Denomination of the loans outstanding by ticket size as on March 31, 2018*:***

| Sl. No. | Ticket size** | Percentage of AUM |
|---|---|---|
| 1. | Upto Rs. 2 Lakhs | 6% |
| 2. | 2 to 5 Lakhs | 42% |
| 3. | 5 to 10 Lakhs | 32% |
| 4. | 10 to 25 Lakhs | 9% |
| 5. | 25 to 50 Lakhs | 5% |
| 6. | Above 50 Lakhs | 6% |
| | **Total** | **100%** |

***D. Denomination of loans outstanding by LTV as on March 31, 2018****

| Sl. No. | LTV | Percentage of AUM |
|---|---|---|
| 1. | Upto 40% | 1% |
| 2. | 40%-50% | 2% |
| 3. | 50%-60% | 4% |
| 4. | 60%-70% | 10% |
| 5. | 70%-80% | 23% |
| 6. | 80%-90% | 37% |
| 7. | Above 90% | 22% |
| | **Total** | **100%** |

**LTV as on March 31, 2018*

***E. Geographical classification of our borrowers as on March 31, 2018***

| Sl. No. | Top 5 States | Percentage of AUM |
|---|---|---|
| 1. | Maharashtra | 18% |
| 2. | Uttar Pradesh | 10% |
| 3. | Madhya Pradesh | 6% |
| 4. | Bihar | 6% |
| 5. | Rajasthan | 5% |
| | **Total** | |

***F. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2018***

***(₹ in lakhs)***

| Particulars | Amount |
|---|---|
| Total advances to twenty largest borrowers | 1,70,572.76 |
| Percentage of advances to twenty largest borrowers to total advances to our Company | 3.4% |

***(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2018:***

***(₹ in lakhs)***

| Particulars | Amount |
|---|---|
| Total exposure to twenty largest borrowers | 1,70,572.76 |
| Percentage of exposure to twenty largest borrowers to total exposure to our Company | 3.4% |

***G. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2018:***

***1. Movement of Gross NPAs***

| Sl. No. | Particulars | Amount (₹ in lakhs) |
|---|---|---|
| 1. | Opening balance | 3,53,414.54 |
| 2. | Additions during the year | 5,13,649.43 |
| 3. | Reductions during the year | 4,62,834.05 |
| 4. | Closing balance | **4,04,229.92** |

***2. Movement of provisions for NPAs (excluding provisions on standard assets)***

| Sl. No. | Particulars | Amount (₹ in lakhs) |
|---|---|---|
| 1. | Opening balance | 1,93,446.63 |
| 2. | Provisions made during the year | 1,93,440.33 |
| 3. | Write-off / write-back of excess provisions | 1,79,720.38 |
| 4. | Closing balance | **2,07,166.58** |

***3. Segment-wise gross NPA as on March 31, 2018***

| Sl. No. | Segment-wise gross NPA | Gross NPA* (%) |
|---|---|---|
| 1. | Agriculture & allied activities | 12.1% |
| 2. | Auto loans | 7.9% |
| 3. | MSME | 3.0% |
| 4. | Corporate borrowers | 10.7% |
| 5. | Unsecured personal loans | 10.5% |

**Gross NPA means percentage of NPAs to total advances in that sector.*

***4. Our Company has not provided any loans/advances to associates, entities/person relating to the board, senior management, Promoter expect as provided for in "Financial Statements" on page 142.***

**Onward lending to borrowers forming part of the "Group" as defined by RBI**:

| Name of the Borrower (A) | Amount of advances / exposures to such Borrower (Group) (₹ in lakhs) | Percentage of exposure (C) = B/Total AUM |
|---|---|---|
| NIL | NIL | NIL |

***5. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (As of March 31, 2018)***

***(₹ in lakhs)***

| Particulars | Up to 30/31 days | Over 1 month up to 2 months | Over 2 months up to 3 months | Over 3 months up to 6 months | Over 6 months up to 1 year | Over 1 year months up to 3 years | Over 3 year months up to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | 12,796.72 | 15,669.10 | 13,312.83 | 46,707.86 | 63,328.18 | 138,227.52 | 24,058.99 | - | 314,101.20 |
| Advances | 3,72,496.86 | 2,07,802.09 | 185,594.57 | 454,028.21 | 809,615.98 | 2,111,565.64 | 511,158.92 | 202,982.88 | 4,855,245.15 |
| Reserves & surplus | - | - | - | - | - | - | - | 918,019.18 | 918,019.18 |
| Investments | 5,766.55 | 2,749.94 | 6,599.35 | 7,193.20 | 19,216.63 | 11,081.74 | 6,489.50 | 128,219.83 | 187,316.74 |
| Borrowings | 1,02,467.86 | 245,514.47 | 296,396.85 | 134,717.33 | 487,095.32 | 1,547,642.20 | 266,001.49 | 440,869.62 | 3,520,705.14 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | 23,960.84 | - | 23,642.08 | 59,616.55 | - | - | 107,219.47 |

*6. Concentration of Exposure and NPA as of March 31, 2018*

*(₹ in lakhs)*

| Particulars | Amount |
|---|---|
| **Concentration of Exposures** | |
| Total Exposure to twenty largest borrowers / customers | 1,70,572.76 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 3.4% |
| **Concentration of NPAs** | |
| Total Exposure to top four NPA accounts | 7,798.75 |

(a) Lending policy: For details on lending policy please see "***Our Business – Our Operations***" on page 95 of this Draft Shelf Prospectus.

(b) Classification of loans/advances given to associates, entities/person relating to the board, senior management, Promoter: As disclosed in the "***Financial Statements***" on page 142 of this Draft Shelf Prospectus.

## SECTION VII- ISSUE RELATED INFORMATION

## ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "***Terms of the Issue***" on page 209 of this Draft Shelf Prospectus.

The key common terms and conditions of the NCDs are as follows:

| | |
|---|---|
| Issuer | Mahindra & Mahindra Financial Services Limited |
| Type of instrument/ Name of the security | Secured and/ or Unsecured Subordinated, Redeemable, Non-Convertible Debentures |
| Nature of Indebtedness and Ranking / Seniority | Secured and/ or Unsecured Subordinated, Redeemable, Non-Convertible Debentures subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions. The Unsecured NCDs will be in the nature of subordinated debt and will be eligible for Tier II capital. |
| Mode of the issue | Public issue |
| Lead Managers | Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Bank Limited, ICICI Securities Limited, SBI Capital Markets Limited, Trust Investment Advisors Private Limited, YES Securities (India) Limited |
| Debenture Trustee | Axis Trustee Services Limited |
| Depositories | NSDL and CDSL |
| Registrar | Karvy Computershare Private Limited |
| Issue | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Base Issue Size | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Option to retain Oversubscription Amount | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Total Issue Size | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Eligible investors | See the section titled "***Issue Procedure – Who are eligible to apply for NCDs?***" on page 222 of this Draft Shelf Prospectus |
| Objects of the Issue | Please see "***Objects of the Issue***" on page 56 of this Draft Shelf Prospectus |
| Details of utilization of the proceeds | See the section titled "***Objects of the Issue***" on page 56 of this Draft Shelf Prospectus. |
| Interest rate | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Security | The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of our Company, as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon). For further details please refer to the section titled "**Terms of the Issue – Security**" on page no. 209 of this Draft Shelf Prospectus.<br><br>No security will be created for the Unsecured NCDs to be issued in terms of this Issue. |
| Step up/ Step down interest rates | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Interest type | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Interest reset process | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Issuance mode of the instrument | Demat |
| Frequency of interest payment | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Interest payment date | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Day count basis | Actual/ Actual |

| | |
|---|---|
| Interest on application money | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Default interest rate | Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws |
| Tenor | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Redemption Date | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Redemption Amount | The principal amount on the NCDs along with interest accrued on them as on the Redemption Date |
| Redemption premium/ discount | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Issue Price (in ₹) | ₹ 1,000 per NCD |
| Discount at which security is issued and the effective yield as a result of such discount. | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Put option date | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Put option price | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Call option date | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Call option price | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Put notification time. | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Call notification time | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Face value | ₹ 1,000 per NCD |
| Minimum Application size and in multiples of NCD thereafter | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Market Lot/ Trading Lot | One |
| Pay-in date | Application Date. The entire Application Amount is payable on Application. |
| Credit ratings | The NCDs proposed to be issued under this Issue have been rated 'CARE AAA; Stable' for an amount of ₹ 10,000 crores, by CARE and "IND AAA; Stable" for an amount of ₹ 10,000 crores, by India Ratings. The rating of NCDs by CARE and India Ratings vide their letter dated September 29, 2018 and revalidated by revalidation letter dated October 31, 2018 and October 3, 2018 and revalidated by revalidation letter dated November 2, 2018, respectively indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexures A and B of this Draft Shelf Prospectus. |
| Listing | The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 6 Working Days from the date of Issue Closing Date. |
| Issue size | As specified in the respective Tranche Prospectuses |
| Modes of payment | Please see the section titled *"**Issue Procedure – Terms of Payment**"* on page 235 of this Draft Shelf Prospectus. |
| Issuance mode of the Instrument | In dematerialised form only |
| Trading mode of the instrument | In dematerialised form only |
| Issue opening date | As specified in the relevant Tranche Prospectus for each Tranche Issue |
| Issue closing date** | As specified in the relevant Tranche Prospectus for each Tranche Issue<br>**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or Bond Issue Committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. |

| | |
|---|---|
| | and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE. |
| Record date | 15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In the event the Record Date falls on a day which is not a Working Day, the immediately succeeding Working Day shall be considered as the Record Date. |
| Issue documents | This Draft Shelf Prospectus, the Shelf Prospectus, the respective Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Registrar Agreement, the Agreement with the Lead Managers. For further details please refer to "***Material Contracts and Documents for Inspection***" on page 246 of this Draft Shelf Prospectus. |
| Conditions precedent to disbursement | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement. |
| Conditions subsequent to disbursement | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement. |
| Events of default / cross default | See the section titled "***Terms of the Issue – Events of Default***" on page 211 of this Draft Shelf Prospectus |
| Deemed date of Allotment | The date on which the Board of Directors/or Bond Issue Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or duly authorised committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment. |
| Roles and responsibilities of the Debenture Trustee | See the section titled "***Terms of the Issue – Trustee for the NCD holders***" on page 211 of this Draft Shelf Prospectus |
| Governing law and jurisdiction | The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively |
| Working day convention | If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it failing on a non-Working Day.<br><br>If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest /redemption payments shall be made only on the days when the money market is functioning in Mumbai. |

** In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form.*
*** The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the Bond Issue Committee of the Board constituted by resolution of the Board dated November 29, 2016. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application*

*Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE.*

**SPECIFIC TERMS FOR EACH SERIES OF NCDs**

As specified in the relevant Tranche Prospectus.

**Terms of payment**

The entire face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser amount of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA account, in accordance with the terms of the Draft Shelf Prospectus.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.**

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory **permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

For further details, see the section titled "***Issue Procedure***" on page 221 of this Draft Shelf Prospectus.

## TERMS OF THE ISSUE

### GENERAL TERMS OF THE ISSUE

**Authority for the Issue**

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on 27 July, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated 14 June, 2018, upto an amount of Rs 70,000 crores.

**Principal Terms & Conditions of this Issue**

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the Application Forms, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

**Ranking of Secured NCDs**

The Secured NCDs would constitute secured obligations of the Company and shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of our Company and/or *pari passu* charge on an identified immovable property of the Company, as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

**Ranking of Unsecured NCDs**

The Unsecured NCDs would constitute unsecured and subordinated obligations of the Company and shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, shall rank pari passu without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD holders shall be subordinated to those of the other creditors of our Company, subject to applicable statutory and/or regulatory requirements. Our Company may, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II Capital.

**Security**

The principal amount of the Secured NCDs to be issued in terms of the Draft Shelf Prospectus and Prospectus together with all interest due on the Secured NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon). The Issuer undertakes that the necessary documents for the creation of the security, including the Secured Debenture Trust Deed would be executed within the time frame prescribed as per applicable law and the same would be uploaded on the website of the Designated Stock exchange, within five working days of execution of the same.

**Debenture Trust Deed (s)**

Our Company intends to enter into Debenture Trust Deeds with the Debenture Trustee for the benefit of the NCD

Holders, the terms of which will *inter alia* govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deeds before the Allotment of NCDs.

Under the terms of the Debenture Trust Deeds, our Company will covenant with Debenture Trustee that it will pay the NCDs Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rates specified in the Prospectus and Debenture Trust Deeds. The Secured Debenture Trust Deed will also provide that the Company may withdraw any portion of the Security or replace with another assests of the same or higer value. However, in case of Secured Debenture Trust Deed, the Company reserve the right to create pari passu charge on the said immovable property without seeking NOC from each Secured NCDs Holders and the Debenture Trustee is empowered to issue NOC to create pari passu charge on the said immovable property for future issuances.

**Debenture Redemption Reserve**

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-lA of the RBI (Amendment) Act, 1997 shall be 25% of the value of the outstanding debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the outstanding value of the NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year.

**Face Value**

The face value of each NCD shall be ₹ 1,000

**Trustees for the Secured NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustees for the Secured NCD Holders. We and the Debenture Trustee will execute a Secured Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Secured NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Secured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Secured NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the Secured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

**Trustees for the Unsecured NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustees for the Unsecured NCD Holders. The Debenture Trustee and us will execute an Unsecured Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Unsecured NCD Holders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Unsecured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Unsecured NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the Unsecured NCD Holders shall discharge us pro tanto to the Unsecured NCD Holders. The Debenture Trustee will protect the interest of the Unsecured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

**Trustees for the NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

**Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and Default is committed in payment of any interest on the NCDs on the due date(s).

**NCD Holder not a Shareholder**

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI LODR Regulations.

**Rights of Secured NCD Holders**

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Secured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such

meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, the Prospectus, the Application Forms, the Abridged Prospectus, Corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.

5. For the Secured NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the Secured NCDs in dematerialized Form. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Secured NCDs maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Secured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Unsecured NCD holders.

6 Subject to compliance with applicable statutory requirements, the Secured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Secured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of the Offer Document and the Secured Debenture Trust Deed.

**Rights of Unsecured NCD Holders**

Some of the significant rights available to the Unsecured NCD Holders are as follows:

1. The Unsecured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Unsecured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Unsecured NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Unsecured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Unsecured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Unsecured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Unsecured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Unsecured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Unsecured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such Unsecured NCDs, either in person or by proxy, at any meeting of the concerned Unsecured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Unsecured NCD Holders shall be in proportion to the outstanding nominal value of Unsecured NCDs held by him/her.

4. The Unsecured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, the Prospectus, the Application Forms, the Abridged Prospectus, Corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other

applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Unsecured NCDs.

5. For the Unsecured NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the Unsecured NCDs in dematerialized Form. For Unsecured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Unsecured NCDs maintained by a Depository for any Unsecured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Unsecured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Unsecured NCD holders.

6. Subject to compliance with applicable statutory requirements, the Unsecured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Unsecured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Unsecured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Unsecured NCD Holders are merely indicative. The final rights of the Unsecured NCD Holders will be as per the terms of the Offer Document and the Unsecured Debenture Trust Deed.

**Nomination facility to NCD Holder**

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

**Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.**

**Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

**Application in the Issue**

NCDs being issued through this Draft Shelf Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

**Form of Allotment and Denomination of NCDs**

As per the Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment refer to chapter titled "***Issue Procedure***" under section titled "***Issue Related Information***" beginning on page no. 221 of this Draft Shelf Prospectus.

**Transfer/Transmission of NCD(s)**

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "***Issue Structure – Interest***" on page 205 of this Draft Shelf Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, can not be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

**Restriction on transfer of NCDs**

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue except as may be required under RBI requirements and as provided in our Articles of Association. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018.

**Title**

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

**Register of NCD Holders**

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

**Succession**

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

**Joint-holders**

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

**Period of Subscription**

| ISSUE PROGRAMME | |
|---|---|
| **ISSUE OPENS ON** | **As specified in the relevant Tranche Prospectus** |
| **ISSUE CLOSES ON** | **As specified in the relevant Tranche Prospectus** |

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Consortium or the Trading Members of the Stock Exchange, as the case maybe, only at the Selected Cities. On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Consortium or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

**Interest**

As specified in the relevant Tranche Prospectus.

**Taxation**

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the

IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day, in accordance with the Working Day Convention. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

*Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 207 of this Draft Shelf Prospectus, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Shelf Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.*

**Day Count Convention:**

Interest shall be computed on an actual / actual basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

**Effect of holidays on payments:**

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

**Illustration for guidance in respect of the day count convention and effect of holidays on payments:**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 will be disclosed in the relevant Tranche Prospectus.

**Maturity and Redemption**

As specified in the relevant Tranche Prospectus.

**Put / Call Option**

As specified in the relevant Tranche Prospectus.

**Application Size**

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) as specified in the relevant Tranche Prospectus.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions.**

**Terms of Payment**

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application to the Applicant in accordance with the terms of this Draft Shelf Prospectus. For further details please refer to the paragraph on "***Interest on Application Amount***" on page 206 of this Draft Shelf Prospectus.

**Manner of Payment of Interest / Refund**

The manner of payment of interest / refund in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption amount as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

**Printing of Bank Particulars on Interest/Redemption Warrants**

As a matter of precaution against possible fraudulent encashment of interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the warrants. In relation to NCDs held in dematerialized form, these particulars would be taken directly from the depositories. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified

**Loan against NCDs**

Pursuant to the RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

**Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

**Procedure for Redemption by NCD Holders**

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

**Payment on Redemption**

The manner of payment of redemption is set out below:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

**Right to Reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

**Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

**Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

**Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

**Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Draft Shelf Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013"

**Pre-closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the relevant Tranche Prospectus. Our Company shall allot NCDs with respect to the Applications received untill the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Tranche

Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

**Minimum Subscription**

In terms of the SEBI Debt Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circulars (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

**Guarantee/Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

**Utilisation of Application Amount**

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

**Utilisation of Issue Proceeds**

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) We shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security and confirmation of the same in terms of Secured NCDs and (iv) receipt of listing and trading approval from BSE.

(e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.

(f) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

**Monitoring & Reporting of Utilisation of Issue Proceeds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant quarters commencing from the financial year ending March 31, 2018, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

**Lien**

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

**Lien on Pledge of NCDs**

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

**Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the respective Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s)

**Filing of the Shelf Prospectus and Tranche Prospectus with the RoC**

A copy of the Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

**Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the relevant Tranche Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

**Listing**

The NCDs offered through this Draft Shelf Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated [•]. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

**Guarantee/Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

## ISSUE PROCEDURE

*This section applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Shelf Prospectus.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Shelf Prospectus.*

*Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("**Debt Application Circular**") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("**ASBA Circular**").*

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.**

**THE LEAD MANAGERS, THE CONSORTIUM MEMBERS AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.**

*For purposes of the Issue, the term "Working Day" shall mean all days excluding Saturdays, Sundays or a holiday of commercial banks in Mumabi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue period, i.e. period beginning from Issue Closure to listing of the securities on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and Bank holidays as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.*

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Shelf Prospectus.

## PROCEDURE FOR APPLICATION

**Availability of the Draft Shelf Prospectus, the Shelf Prospectus, Tranche Prospectus, Abridged Prospectus, and Application Form**

**Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.**

Physical copies of the abridged Shelf Prospectus containing the salient features of the Shelf Prospectus, the respective Tranche Prospectus together with Application Forms may be obtained from:

(a) Our Company's Registered Office and Corporate Office;

(b) Offices of the Lead Managers;

(c) Trading Members; and

(d) Designated Branches of the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchange and on the websites of the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Shelf Prospectus, the respective Tranche Prospectus and Application Form can be obtained from our Company's Registered and Corporate Office, as well as offices of the Lead Managers. Electronic copies of this Draft Shelf Prospectus, Shelf Prospectus and relevant Tranche Prospectus will be available on the websites of the Lead Managers, the Stock Exchange, SEBI and the SCSBs.

**Who are eligible to apply for NCDs?**

The following categories of persons are eligible to apply in the Issue:

| Category I | Category II | Category III | Category IV |
|---|---|---|---|
| **Institutional Investors** | **Non Institutional Investors** | **High Net-worth Individuals ("HNIs")** | **Retail Individual Investors** |
| • Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;<br>• Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity | • Companies within the meaning of section 2(20) of the Companies Act, 2013;<br>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;<br>• Co-operative banks and regional rural banks;<br>• Public/private charitable/ religious | High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lakhs across all series of NCDs in Issue | Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lakhs across all series of NCDs in Issue |

| Category I | Category II | Category III | Category IV |
|---|---|---|---|
| **Institutional Investors** | **Non Institutional Investors** | **High Net-worth Individuals ("HNIs")** | **Retail Individual Investors** |
| funds, which are authorized to invest in the NCDs;<br>• Mutual Funds registered with SEBI;<br>• Resident Venture Capital Funds/ Alternative Investment Fund registered with SEBI subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;<br>• Insurance Companies registered with IRDA;<br>• State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India;<br>• Insurance funds set up and managed by the Department of Posts, the Union of India;<br>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; and<br>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated | trusts which are authorised to invest in the NCDs;<br>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;<br>• Partnership firms in the name of the partners;<br>• Limited liability partnerships formed and registered under the provisions of the<br>• Limited Liability Partnership Act, 2008 (No. 6 of 2009);<br>• Association of Persons; and<br>• Any other incorporated and/ or unincorporated body of persons. | | |

| Category I | Category II | Category III | Category IV |
|---|---|---|---|
| **Institutional Investors** | **Non Institutional Investors** | **High Net-worth Individuals ("HNIs")** | **Retail Individual Investors** |
| November 23, 2005 of the Government of India published in the Gazette of India. | | | |

***Note:*** All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNIs and Retail Individual Investors who are eligible under applicable laws to hold the NCDs are collectively referred to as "**Individuals**".

All categories of entities, associations, organizations, societies, trusts, funds, partnership firms, Limited Liability Partnerships, bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors are collectively referred to as "Non Individuals".

**Please note that it is clarified that Persons Resident Outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.**

**Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

**Who are not eligible to apply for NCDs?**

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

(a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);

(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

(c) Persons resident outside India and other foreign entities;

(d) Foreign Institutional Investors;

(e) Foreign Portfolio Investors;

(f) Qualified Foreign Investors;

(g) Overseas Corporate Bodies; and

(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar

to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments and implementing measures thereto, the "**Prospectus Directive**") has been or will be made in respect of the Issue or otherwise in respect of the NCDs, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a "**Relevant Member State**") except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the NCDs.

Please refer to "***Rejection of Applications***" on page 239 of this Draft Shelf Prospectus for information on rejection of Applications.

**Method of Application**

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without

blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

**APPLICATIONS FOR ALLOTMENT OF NCDs**

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

**Applications by Mutual Funds**

Pursuant to the SEBI Circular 2016, mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Application by Commercial Banks, Co-operative Banks and Regional Rural Banks**

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

**Application by Insurance Companies**

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

**Application by Indian Alternative Investment Funds**

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen

signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorized person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Applications by National Investment Fund**

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

**Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions; (iv) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

**APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM**

***Submission of Applications***

Applicants can apply for NCDs only using the ASBA facility pursuant to ASBA Cirular. ASBA Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the

Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the ASBA Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

(b) Physically through the Consortium, Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Consortium, Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Consortium, Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Upon receipt of the Application Form by the Consortium, Lead Managers or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Consortium, Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Tranche Prospectus is made available on their websites.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to "***Issue Related Information***" on page 205 of this Draft Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

**Submission of Direct Online Applications**

***Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.***

In the event the Direct Online Application facility is implemented by the Stock Exchange, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchange putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.

**INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM**

**General Instructions**

**A. General instructions for completing the Application Form**

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Shelf Prospectus, the Shelf Prospectus the abridged Tranche Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- The minimum number of Applications and minimum application size shall be specified in the Tranche Prospectus. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.

- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.

- ASBA will be the default "Mode of Application" as per the ASBA Circular.

- Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Lead Managers, Trading Member of the Stock Exchange, Public Issue Account Banks nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

**B. Applicant's Beneficiary Account and Bank Account Details**

Applicants applying for Allotment in dematerialized form must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("**MICR**") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

**C. Permanent Account Number (PAN)**

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants'verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

**D. Joint Applications**

If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

**E. Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum application size and multiples as determined in the Tranche Prospectus. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall

be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

**Do's and Don'ts**

Applicants are advised to take note of the following while filling and submitting the Application Form:

**Do's**

1. Check if you are eligible to apply as per the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus and applicable law;

2. Read all the instructions carefully and complete the Application Form in the prescribed form;

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.

4. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialized form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.

5. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;

6. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.

7. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

8. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;

9. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;

10. Ensure that the Applications are submitted to the Lead Managers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "***Issue Related Information***" on page 205 of this Draft Shelf Prospectus.

11. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;

12. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;

13. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

14. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

15. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

16. Tick the series of NCDs in the Application Form that you wish to apply for.

17. Check if you are eligible to Apply under ASBA;

18. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;

19. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Public Issue Account Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;

20. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Trading Members of the Stock Exchange, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

21. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.

22. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;

23. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;

24. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and

25. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

**Dont's:**

1. Do not apply for lower than the minimum application size;

2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest;

3. Do not send Application Forms by post; instead submit the same to the Consortium, sub-brokers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;

4. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

5. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

6. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

7. Do not submit the Application Forms without the full Application Amount;

8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

9. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;

10. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;

11. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;

12. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA); and

13. Do not make an application of the NCD on multiple copies taken of a single form.

14. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;

15. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.

16. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities; and

17. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

**Please refer to "*Rejection of Applications*" on page 239 of this Draft Shelf Prospectus for information on rejection of Applications.**

**TERMS OF PAYMENT**

The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of NCDs than the number applied, our Company shall refund the excess amount or the excess amount shall be unblocked in the ASBA Account.

**Payment mechanism for ASBA Applicants**

The ASBA Applicants shall specify the ASBA Account number in the Application Form.

For ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

**ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allocable to the successful ASBA Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**Payment mechanism for Direct Online Applicants**

***Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.***

**SUBMISSION OF COMPLETED APPLICATION FORMS**

| Mode of Submission of Application Forms | To whom the Application Form has to be submitted |
|---|---|
| Applications | (i) If using physical Application Form, (a) to the Lead Managers or Trading Members of the Stock Exchange only at the Specified Cities ("**Syndicate ASBA**"), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or<br><br>(ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available. |

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

**No separate receipts will be issued for the Application Amount payable on submission of Application Form.** However, the Consortium / Trading Members of Stock Exchange will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Consortium or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

For information on the Issue programme and timings for submission of Application Forms, please refer to "***Issue Related Information***" on page 205 of this Draft Shelf Prospectus.

**Electronic Registration of Applications**

(a) The Consortium, Trading Members of the Stock Exchange and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted both uploaded and/or not uploaded by the Trading Members of the Stock Exchange.

In case of apparent data entry error by the Consortium, Trading Members of the Stock Exchange, Public Issue Account Banks or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Consortium, Trading Members of the Stock Exchange and the SCSBs during the Issue Period. The Lead Managers and Trading Members of the Stock Exchange can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and

before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to "***Issue Related Information***" on page 205 of this Draft Shelf Prospectus.

(c) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Series of NCDs applied for
- Number of NCDs Applied for in each series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Application amount

(d) With respect to ASBA Applications submitted to the Consortium, or Trading Members of the Stock Exchange only at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Series of NCDs applied for
- Number of NCDs Applied for in each series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Location of Specified City
- Application amount

(e) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be. The registration of the Application by the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed on page 239 of this Draft Shelf Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any

manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Shelf Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment. The Consortium, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Consortium, Trading Members of the Stock Exchange, the Designated Intermediaires and the Designated Braches of the SCSBs will be given up to one Working Day (till 1:00 PM) after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

**REJECTION OF APPLICATIONS**

Applications would be liable to be rejected on the technical grounds listed on page 239 of this Draft Shelf Prospectus below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(i) Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;

(ii) Application Amount paid being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(iii) Applications where a registered address in India is not provided for the Applicant;

(iv) In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a Limited Liability Partnership firm can apply in its own name;

(v) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by Minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants;

(vi) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(vii) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

(viii) DP ID and Client ID not mentioned in the Application Form;

(ix) GIR number furnished instead of PAN;

(x) Applications by OCBs;

(xi) Applications for an amount below the minimum application size;

(xii) Submission of more than five ASBA Forms per ASBA Account;

(xiii) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(xiv) In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

(xv) Applications accompanied by Stockinvest/ money order/ postal order/ cash;

(xvi) Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(xvii) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.

(xviii) Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.

(xix) ASBA Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;

(xx) Application Forms submitted to the Lead Managers, or Trading Members of the Stock Exchange does not bear the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case may be. ASBA Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or Trading Members of the Stock Exchange, as the case may be;

(xxi) ASBA Applications not having details of the ASBA Account to be blocked;

(xxii) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;

(xxiii) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(xxiv) SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(xxv) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(xxvi) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(xxvii) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;

(xxviii) Applications by any person outside India;

(xxix) Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;

(xxx) Applications not uploaded on the online platform of the Stock Exchange;

(xxxi) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(xxxii) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Draft Shelf Prospectus and as per the instructions in the Application Form, this Draft Shelf Prospectus and the relevant Tranche Prospectus;

(xxxiii) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(xxxiv) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;

(xxxv) ASBA Applications submitted to the Consortium, or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Public Issue Account Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

(xxxvi) Applications tendered to the Trading Members of the Stock Exchange at centers other than the centers mentioned in the Application Form;

(xxxvii) Investor Category not ticked; and/or

(xxxviii) Application Form accompanied with cheque.

(xxxix) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

(xl) Forms not uploaded on the electronic software of the Stock Exchange.

(xli) Applications for the allotment of NCDs in dematerialized form providing an inoperative demat account number.

**Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).**

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please refer to "***Information for Applicants***" on page 241 of this Draft Shelf Prospectus.

**Information for Applicants**

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Lead Managers, and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the

maximum amount permissible for such category of Applicant will be considered for Allotment.

**BASIS OF ALLOTMENT**

**Basis of Allotment for NCDs**

As specified in the relevant Tranche Prospectus.

**Allocation Ratio**

Reservations shall be made for each of the Portions as specified relevant Tranche Prospectus.

**Retention of oversubscription**

As specified in the relevant Tranche Prospectus

**PAYMENT OF REFUNDS**

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 5 Working Days of the Issue Closing Date.

**ISSUANCE OF ALLOTMENT ADVICE**

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants within 5 Working Days of the Issue Closing Date. The Allotment Advice for successful ASBA Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 5 Working Days from the Issue Closing Date.

**OTHER INFORMATION**

**Withdrawal of Applications**

ASBA Applicants can withdraw their ASBA Applications till the issue closure date by submitting a request for the same to the Consortium, Trading Member of the Stock Exchange or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

**Early Closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue Size. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

**Revision of Applications**

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Lead Managers/ Trading Members of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Trading Members of the Stock Exchange, the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day (till 1:00 PM) after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. The Stock Exchange shall validate the bid details with DP records by the end of each bidding day. The Registrar shall every day provide the bid file received from the Stock Exchange to all SCSBs for validation/reconciliation at their end.

**Depository Arrangements**

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

(i) Agreement dated December 16, 2005 between us, the Registrar to the Issue and NSDL, and dated December 5, 2005, between us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(viii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

Please also refer to "***Instructions for filling up the Application Form - Applicant's Beneficiary Account and Bank Account Details***" on page 231 of this Draft Shelf Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

**PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.**

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

**Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Lead Manager, Trading Member of the Stock Exchange or Designated Branch, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Compliance Officer (and Company Secretary) or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on application amount or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

**Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

**Undertaking by the Issuer**

*Statement by the Board:*

(a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilized.

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) The details of all utilized and unutilised monies out of the monies collected in the previous issue made by

way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Draft Shelf Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange.

(f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

(g) Undertaking by our Company for execution of Debenture Trust Deed.

*Other Undertakings by our Company*

Our Company undertakes that:

(a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 6 Working Days of the Issue Closing Date;

(d) Funds required for refund or unblocking of application monies/Allotment Advice will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Draft Shelf Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

## SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The main provisions of the AOA relating to the issue and allotment of debentures and matters incidental thereto have been set out below. Please note that each provision herein below is numbered as per the corresponding article number in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term "Article" hereunder means the corresponding article contained in the AOA.

**Clause (2) of Article 6** provides that the Company shall be entitled to issue, offer and allot fresh and further shares, Debentures and other Securities in dematerialised form pursuant to and in accordance with the provisions under the Depositories Act and it shall also be entitled to dematerialise its existing shares, debentures and other Securities, subject to the provisions of the Companies Act, 2013. In this connection, the Company shall comply with all the applicable provisions of the Depositories Act.

**Article 9** provides that the Company by a Resolution in General Meeting may from time to time, increase it's Share Capital by the creation of further Shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Companies Act, 2013, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as the Board shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the Company, and with a right of voting at General Meetings of the Company.

**Article 15** provides that notwithstanding anything contained in the AOA but subject to the provisions of Section 68 and 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other securities.

**Article 16** provides that the Company may, subject to the provisions of Sections 52, 55 and 66 and other applicable provisions (if any) of the Act, from time to time by Special Resolution reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power that the Company would have, if it were omitted.

Nothing in this article shall apply to Buy-Back of its own securities by the Company under Section 68 of the Act.

**Article 17** provides that subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time:
Clause (a) of Article 17 Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
Clause (b) of Article 17 Sub-divide its shares, or any of them into shares of smaller amount so however, that in the sub-division the proportion between amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
Clause (c) of Article 17 Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

**Article 20** provides that subject to the provisions of the Act, the Board shall have the power to issue or re-issue equity shares with differential rights as to dividend, voting or otherwise in accordance with the provisions of the Act and Rules made thereunder.

**Article 22** provides that the Company shall cause to be kept a register and index of Members, debenture holders and other security holders (if any) in the form and manner provided under Section 88 of the Act and Rules made pursuant thereto and also a Register of Renewed and Duplicate Certificates. It shall give inspection of the Registers, Indexes, returns and copies of certificates and other documents referred to in Section 94 of the Act and furnish a copy thereof as provided in the said Section. The Company may keep in any State or Country outside India a "foreign register" of Members or debenture holders, other security holders resident in that State or Country. The provisions of Section 88 of the Act shall apply thereto.

**Clause (a) of Article 26** provides that subject to the applicable provisions of Section 56 of Act, and in case of fresh issue of shares subject to applicable provisions of Section 29 of the Act, the Company shall, keep ready for delivery, the Certificates of all shares, the debentures and debenture stock allotted or transferred, within prescribed time, under the applicable law, after the allotment of any of its shares, debentures or debenture stock, or after the application for the registration of the transfer or transmission of any such shares, debentures, or debenture stock, the certificate of all shares, debentures, and/ or debenture stock as the case may.

**Clause (e) of Article 26** provides that every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of the securities.

**Clause (f) of Article 26** provides that if a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, on receipt of the information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

**Article 27** provides that a certificate may be renewed or a duplicate of a certificate may be issued by the Company if such certificate (a) is proved to have been lost or destroyed or (b) having been defaced or mutilated or torn is surrendered to the Company. The Company shall comply with the rules as may be prescribed regarding the manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof , the particulars to be entered in the Register of Members or in the Register of Renewed or Duplicate Certificates, the form of such Registers, the fee on payment of which, the terms and conditions, if any, (including terms and conditions as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the company in investigating evidence) on which a certificate may be renewed or a duplicate thereof may be issued.

**Article 30** provides that the Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act.

**Article 36** provides that the Board may, from time to time, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call (in accordance with Section 49 of the Act) as it may think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

**Article 59** provides that the Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 29 hereof is to have full effect and such lien shall extend to all dividends/interests and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

**Article 66** provides that subject to the provision of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and in the form as prescribed under the rules made under sub-section (1) of Section 56 of the Act and has been delivered to the Company alongwith the Certificate relating to the shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in the respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

**Article 67** provides that in the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

**Article 68** provides that the instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof. However, the provisions relating to instrument of transfer shall not apply to the shares/debentures of the Company which have been dematerialised.

Provided that in respect of shares held in dematerialised form, the Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner.

**Article 69** provides that no fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

**Clause (1) of Article 70** provides that the Board may, subject to the right of appeal conferred by Section 58 of the Act, and Section 22A of Securities Contracts (Regulation) Act, 1956 at its own, absolute and uncontrolled discretion and by giving reason(s), decline to register or acknowledge any transfer of any shares, or interest of a Member in, or debentures in the Company to any person of whom it does not approve and in particular, if any arrangement or contract between two or more persons in respect of transfer of securities is found not enforceable may so decline in any case in which the Company has lien upon the shares or any of them. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board from declining to register any subsequent or other transfer or other shares applied for in the name of such transferee.

**Article 75** provides that the Board may after giving not less than seven days previous notice by advertisement in some newspaper circulating in Mumbai as required by Section 91 of the Act, close the Register of Transfer and Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time.

**Article 76** provides that in the case of death of any one or more of the persons named in the Register of Members as joint shareholders of any share, the survivor(s) shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

**Article 77** provides that the heir, executor or administrator of a deceased shareholder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such heir, executor or administrator unless shall have first obtained probate or letters of administration or succession certificate.

**Article 78** provides that subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of death, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

**Article 79** provides that the Board shall, subject to the provisions of Article 70 hereof, have the same right to refuse to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

**Article 82** provides that the certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima

facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

**Article 89** provides that subject to the provisions of Section 179, 180 and 181 of the Act, the Board may, from time to time at its discretion accept deposits from Members or from the public, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, the Board shall not borrow such money's without the consent of the Company in General Meeting.

**Article 90** provides that subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a Resolution passed at a meeting of the Board (and not by a circular resolution) including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

**Article 91** provides that any issue of debentures, debenture stock, bonds or other securities shall be governed by Section 71 of the Act. This Article and Article 90 shall be subject to the said provisions. In the case of the Company giving a charge on any of its property, the provisions of Sections 2(16), 77 to 87 of the Act shall apply thereto. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

**Article 92** provides that the Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of the mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirement of Sections 71, 77 and 79 to 85 (both inclusive) of the Act in that behalf to be duly complied with.

**Article 93** provides that the Company shall, if at any time issues debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Act. The Company shall have the power to keep in any State or Country outside India a branch of Register of Debenture holders resident in that state or country.

**Article 146** states that if it is provided by the trust deed securing or otherwise in connection with any issue of Debentures of the company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares. A Debenture Director shall not be liable to retire by rotation.

**Clause (1) of Article 163** provides that the Company may by ordinary resolution remove a Director not being a Nominee Director or a Debenture Director and not being a Director appointed by the Central Government in pursuance of the Act before the expiry of his period of office.

**Clause (c) of Article 175** provides that the Board shall not, except with the consent of the Company in general meeting borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided further that the powers specified in Section 180 of the Act, shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent stated.

**Clause (3) of Article 177** provides that without prejudice to the general powers conferred by Article 174 and the other powers conferred by these Articles and Section 179 of the Act, so as not in any way to limit or restrict those

powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the power at its discretion and subject to the provisions of the Act, to pay for any property, right or privileges, acquired by or for services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as fully paid up thereon as may be agreed upon and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company including its uncalled capital or not so charged.

**Clause (19) of Article 177** provides that without prejudice to the general powers conferred by Article 174 and the other powers conferred by these Articles and Section 179 of the Act, so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the power before recommending any dividend, to set aside out of the profits of the Company such sums as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in clause 17 and 18 of Article 177) as the Board of Directors may in it absolute discretion think conducive to the interest of the Company, and subject to the Act to invest the several sums so set aside or so much thereof as is required to be invested upon such investments (other than shares of the Company) as it may think fit and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors, in its absolute discretion thinks conducive to the interests of the Company, notwithstanding that the matters to which the Board of Directors applies or upon which it expends the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the general reserve fund into such special funds as the Board may decide to transfer the whole or any portion of the reserve fund or division of a reserve fund to another reserve fund and with full power to employee the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board of Directors at its discretion to pay or allow to the credit of such funds interest at such rates as the Board of Directors may think proper.

**Clause (1) Article 211** provides that a copy of every such Financial Statement so audited (including the auditor's report and every other document required by the Act to be annexed or attached to the balance sheet) shall at least twenty one days before the meeting at which the same are to be laid before the Members be sent to the Members of the Company, to the trustees for the holders of Debentures and to all persons entitled to receive notice of general meetings of the Company.

**Clause (2) Article 211** provides that if and as long as the Company's shares are listed on a recognised stock exchange and subject to the provisions of Section 136 of the Act, it shall be sufficient compliance with clause (1) of this Article if the copies of documents referred to in Clause (1) are made available for inspection at the Company's registered office during working hours for a period of twenty-one days before the date the meeting and a statement containing the salient features of such documents in the prescribed form or copies may deem fit, is or are sent, not less than twenty-one days before the date of the meeting to every Member of the Company and to every trustee for the holders of Debentures issued by the Company.

## SECTION IX- OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Corporate Office of our Company situated at 4th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra between 10 am to 5 pm on any Working Day (Monday to Friday) during which issue is open for public subscription under the respective Tranche Prospectus.

### MATERIAL CONTRACTS

1. Issue Agreement dated November 5, 2018 between our Company and the Lead Managers.

2. Registrar Agreement dated November 5, 2018 between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated November 5, 2018 executed between our Company and the Debenture Trustee.

4. Tripartite agreement dated December 5, 2005 among our Company, the Registrar and CDSL.

5. Tripartite agreement dated December 16, 2005 among our Company, the Registrar and NSDL.

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Certificate of Incorporation of our Company dated January 1, 1991, issued by Registrar of Companies, Mumbai.

3. Certificate of Registration as an NBFC from the RBI dated September 4, 1998 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934.

4. Copy of shareholders resolution dated June 14, 2018 under section 180 (1) (c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.

5. Copy of the resolution by the Board of Directors dated October July 27, 2018, approving the issue of NCDs.

6. Copy of the resolution passed by Bond Issue Committee at its meeting held on dated November 5, 2018 approving the Draft Shelf Prospectus.

7. Credit rating Letter dated September 29, 2018, credit rating rationale dated November 2, 2018 and revalidated by revalidation letter dated October 31, 2018 by CARE Ratings Limited assigning a rating of 'CARE AAA; Stable' to the long term borrowing programme of our Company.

8. Credit rating Letter dated October 3, 2018, credit rating rationale dated October 1, 2018 and revalidated by revalidation letter dated November 2, 2018 by India Ratings assigning a rating of "IND AAA; Stable" to the long term borrowing of our Company.

9. Consents of the Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Lead Managers, Legal Advisor to the Issue, Registrar to the Issue, the Debenture Trustee for the NCDs, CRISIL and Credit Rating Agencies to include their names in this Draft Shelf Prospectus, in their respective capacities

10. Consent of the Statutory Auditors of our Company, for inclusion of their name and the report on the Reformatted Financial Information in the form and context in which they appear in this Draft Shelf Prospectus.

11. Statement of tax benefits dated November 5, 2018 issued by our Statutory Auditors.

12. Annual Report of our Company for the last five Fiscals.

13. In-principle listing approval from BSE by its letter no. [•] dated [•].

14. Due Diligence Certificate dated [•] filed by the Lead Managers with SEBI.

15. ESOP Schemes

16. Shareholders Agreement dated October 16, 2017 among our Company, Inclusion Resources Private Limited and MIBL

17. Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Debentureholders, in the interest of our Company in compliance with applicable laws.

## DECLARATION

We, the Directors of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in Draft Shelf Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Draft Shelf Prospectus.

We further certify that all the disclosures and statements in this Draft Shelf Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Shelf Prospectus does not contain any misstatements.

**Signed by the Board of Directors of the Company**

_____
Mr. Dhananjay Narendra Mungale, Chairman and Independent Director

_____
Mr. Ramesh Iyer, Vice-Chairman and Managing Director

_____
Mr. Manohar Gopal Bhide, Independent Director

_____
Mr. Piyush Gunwantrai Mankad, Independent Director

_____
Ms. Rama Bijapurkar, Independent Director

_____
Mr. Chandrashekhar Bhave, Independent Director

_____
Mr. V S Parthasarathy, Non-Executive Director

_____
Mr. Ravi Venkatraman, Executive Director and Chief Financial Officer

_____
Dr. Anish Shah, Non-Executive Director

Date: November 5, 2018
Place: Mumbai

## ANNEXURE A

## CREDIT RATING LETTER FROM CARE DATED SEPTEMBER 29, 2018, REVALIDATION LETTER DATED OCTOBER 31, 2018 AND RATING RATIONALE

CARE Ratings
Professional Risk Opinion

CARE/HO/RL/2018-19/3183

**Mr. Ramesh Iyer**
Managing Director
**Mahindra & Mahindra Financial Services Ltd.**
Mahindra Towers,
Dr. G M. Bhosale Marg,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018

September 29, 2018

**Confidential**

Dear Sir,

**Credit Rating of various Debt Instruments**

On the basis of recent developments including operational and financial performance of your company for FY18 (audited) and Q1FY19 (unaudited), our Rating Committee has reviewed the following ratings:

| Instruments | Amount (Rs. Cr) | Rating[1] | Rating Action |
|---|---|---|---|
| Secured Non-convertible debentures@ | 3,200 (Rs. Three Thousand Two Hundred Crore only) | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Unsecured Non-convertible debentures# | 1,250 (Rs. One Thousand Two Hundred Fifty Crore only) | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Subordinated debt$ | 1,600 (Rs. One Thousand Six Hundred Crore only) | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Proposed Public Issue of Long term Debt program (Non-convertible debentures/Subordinated debt) | 10,000 (Rs. Ten Thousand Crore only) | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |

*@: Amount Outstanding: Rs.3,133 crore, #: Amount Outstanding: Rs.1,000 crore, $: Amount Outstanding: Rs.379 crore as on September 26, 2018*

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2. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs. Cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|---|---|---|---|---|---|---|---|---|

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*



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4. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

5. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

6. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

**[Ninad Jape]**
Analyst
ninad.jape@careratings.com

**[Aditya Acharekar]**
Associate Director
aditya.acharekar@careratings.com

Encl.: As above



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In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CARE Ratings
Professional Risk Opinion

CELEBRATING 25 Years Analytical Excellence

**CARE/HO/RL/2018-19/3543**

**Mr. Ramesh Iyer**
Managing Director
**Mahindra & Mahindra Financial Services Ltd.**
Mahindra Towers, Dr. G M. Bhosale Marg,
P. K. Kurne Chowk, Worli, Mumbai - 400 018

October 31, 2018

**Confidential**

Dear Sir,

**Credit rating for various Debt instruments**

Please refer to our letter dated September 29, 2018 and your request for revalidation of the rating assigned to the Non-Convertible Debenture and subordinated debt issues of your company.

2. The following rating has been reviewed

| Instrument | Rated Amount (Rs. Cr.) | Amount o/s as on October 30, 2018 (Rs. Cr) | Rating[1] | Rating Action |
|---|---|---|---|---|
| Secured Non-Convertible Debenture | 3,200 | 3,133 | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Secured Non-Convertible Debenture | 1,250 | 1,000 | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Subordinated Debt | 1,600 | 1,375 | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |
| Proposed Public Issue of Long term Debt program (Non-convertible debentures / Subordinated debt) | 10,000 | - | CARE AAA; Stable (Triple A; Outlook: Stable) | Reaffirmed |

3. Please arrange to get the rating revalidated, in case the proposed issues are not made within six months from the date of this letter.

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4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|---|---|---|---|---|---|---|---|---|

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

**[Ninad Jape]**
Analyst
ninad.jape@careratings.com

**[Aditya Acharekar]**
Associate Director
aditya.acharekar@careratings.com

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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CARE Ratings
Professional Risk Opinion

CELEBRATING 25 Years Analytical Excellence

**CARE/HO/RR/2018-19/2028**

**Mr. Ramesh Iyer**
Managing Director
**Mahindra & Mahindra Financial Services Ltd.**
Mahindra Towers,
Dr. G M. Bhosale Marg,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018

November 2, 2018

**Confidential**

Dear Sir,

**Credit Rating of Various Debt Instruments**

Please refer to our letter dated September 29, 2018 on the above subject.

2. A write-up (Rating Rationale) on the above ratings is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - I.**

3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

**[Ninad Jape]**
Analyst
ninad.jape@careratings.com

**[Aditya Acharekar]**
Associate Director
aditya.acharekar@careratings.com

Encl: As above

**Annexure – I**
**Rating Rationale**
**Mahindra & Mahindra Financial Services Limited**

**Ratings:**

| Instruments | Amount (Rs. Cr) | Rating[1] | Rating Action |
|---|---|---|---|
| Secured Non-convertible debentures | 3,200 | CARE AAA; Stable (Triple A; Outlook Stable) | Reaffirmed |
| Unsecured Non-convertible debentures | 1,250 | CARE AAA; Stable (Triple A; Outlook Stable) | Reaffirmed |
| Subordinated debt | 1,600 | CARE AAA; Stable (Triple A; Outlook Stable) | Reaffirmed |
| Public Issue of Long term Debt program (Non-convertible debentures / Subordinated debt) (Proposed) | 10,000 | CARE AAA; Stable (Triple A; Outlook Stable) | Reaffirmed |

**Rating Rationale:**

*The rating assigned to the debt instruments of Mahindra and Mahindra Financial Services (MMFSL) factor in the majority ownership by Mahindra & Mahindra Limited (M&M; rated 'CARE AAA; Stable') and strategic importance of MMFSL for M&M. The ratings also take into account the expected support from M&M, operational linkages with M&M, sharing of a common brand name, resource raising ability being part of the group, MMFSL's strong management, long track record of operations with strong position in financing of tractors and utility vehicles, comfortable capitalization and liquidity profile, diversified asset mix and well-diversified funding profile and moderate profitability profile.*

*The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and have higher susceptibility to slowdown in the overall economy and moderate profitability parameters.*

*Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality, profitability and capitalization are the key rating sensitivities.*

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**Background:**

MMFSL is a subsidiary of M&M (holding 51.2% stake in MMFSL) and enjoys market leadership position in its key product segments like tractor and utility vehicle financing. MMFSL was incorporated in 1991 and started its operations as a captive financier for M&M vehicles but since 2002-03 it has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti Suzuki, Hyundai,

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Nissan and Tata. As on June 30, 2018, MMFSL had its network spread through 1,291 offices covering 27 states and 5 union territories in India.

MMFSL has four main subsidiaries namely, Mahindra Insurance Brokers Ltd. (80% stake), Mahindra Rural Housing Finance Ltd. (89%), Mahindra Asset Management Company Pvt. Ltd. (100%) and Mahindra Trustee Company Pvt. Ltd. (100%). It also has a US based joint venture company, Mahindra Finance USA LLC., which is in the business of providing wholesale inventory financing to US based dealers, financing dealer purchases of Mahindra products and providing retail financing to end-user customers to finance their lease or purchase of Mahindra products.

As on March 31, 2018 on a consolidated basis, the company had a net worth of Rs.9,221 crore and a gross loan portfolio of Rs.60,275 crore. The Board of Directors of MMFSL is headed by Mr. Dhananjay Mungale (Independent Chairman) who has vast experience in corporate and investment banking. The operations of the company are headed by Mr. Ramesh Iyer (Vice Chairman & Managing Director). Mr. Iyer has been associated with the company since inception and is also a member of Group Executive Board of M&M. He is also member of the Group Executive Board of M&M (as President – Financial Services Sector) which explores synergies between all the businesses and formulates strategic plans.

**Credit Risk Assessment:**

***Strong parentage, shared brand and Board of Directors and management support***

MMFSL is a subsidiary of M&M, which has a leadership position in the tractors and utility vehicles (UV) segment in India, with market share of ~43% and ~25% respectively as at March 31, 2018. MMFSL synergizes with M&M through shared 'Mahindra' brand as well as representation on Board of Directors as well as management support. The Board of MMFSL has representation from the Mahindra group by Dr. Anish Shah (Group President – Strategy at M&M) and Mr. V S Parthasarathy (Group CFO and CIO for M&M).

***About Mahindra & Mahindra Ltd***

Incorporated in 1945, Mahindra & Mahindra Ltd (M&M) is the flagship company of the USD 20.7 billion Mahindra group. The group, via various subsidiaries and joint ventures, is present in 10 business segments, across 20 industries – covering automotive, farm equipment, financial services, components, IT, hospitality, aerospace, logistics, consulting, agri business, defense, clean energy, industrial equipment, real estate & infrastructure, retail, steel, two-wheelers, aftermarket, boats and construction

equipment. M&M is one of the most diversified auto companies in India. Its core businesses include manufacture of auto [Passenger Vehicles (PV), Commercial Vehicles (CV), three-wheelers, two-wheelers etc.] and farm equipment (tractors and other farm equipment) etc.

***Strategically important subsidiary for the parent***

MMFSL is a strategically important subsidiary for M&M and helps in its sales of rural and semi-urban products like tractors and utility vehicles. MMFSL is the largest financier of M&M vehicles providing finance to around 30% of M&M vehicles for FY18 (refers to period from April 01 to March 31). M&M vehicles financed constituted around 45% of AUM of MMFSL as on June 30, 2018.

***Long track record of operations and diversified OEM base***

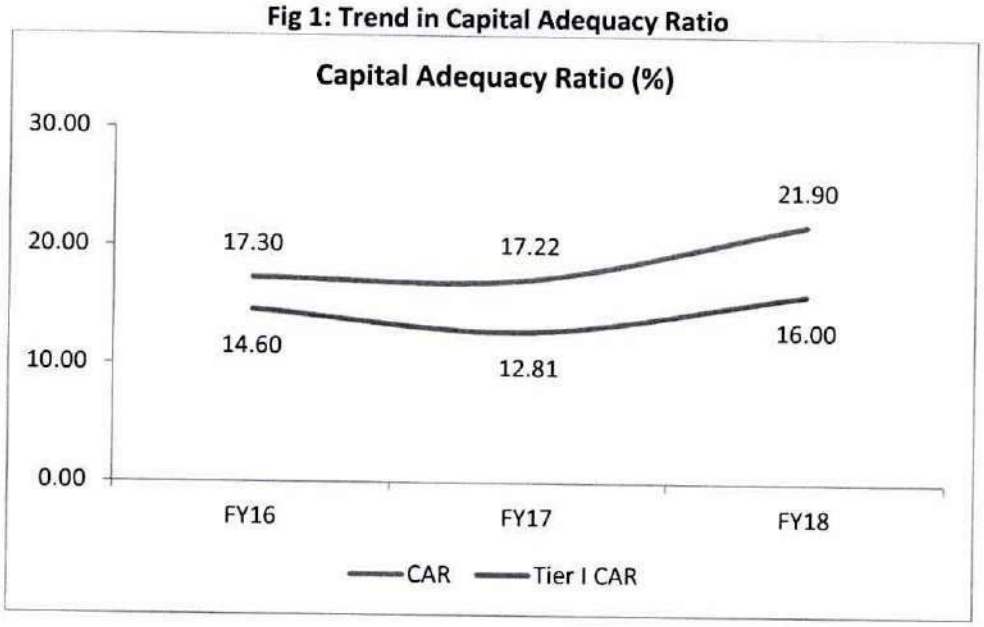
MMFSL started business in 1991 and hence has a long track record of operations. It has the experience of operating in various business cycles. It started as a captive financier for M&M but from 2002-03 the company has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti Suzuki, Hyundai, Eicher, Nissan, Tata, etc. which along with SME financing account for nearly 55% of AUM of MMFSL as on June 30, 2018.

***Comfortable capital adequacy ratio post equity infusion during FY18***

MMFSL has consistently maintained comfortable capital adequacy ratio at or above 17%. As on March 31, 2018, total capital adequacy ratio (CAR) stood at 22.70% with a Tier I CAR at 17.00% and CAR of 21.90% with Tier I CAR of 16.60% as on June 30, 2018[2]. The company raised equity capital of Rs.2,111 crore, out of which Rs.1,055 crore was raised through preferential allotment to Mahindra & Mahindra Ltd (M&M); thereby maintaining its majority shareholding at 51.19% and Qualified Institutional placement amounting to Rs.1,056 crore.

[2] *As per IGAAP*

**Fig 1: Trend in Capital Adequacy Ratio**




***Diversified funding profile and liquidity profile***

MMFSL's funding profile is well diversified with resources being raised from various avenues like non-convertible debentures, subordinated debt, and domestic and foreign currency loans from banks, public deposits, and commercial paper. The company has bank lines from a variety of banks to meet its funding requirements. The company also securitised its portfolio every year which is another source of funding. The contractual tenor of the loan assets is well matched to the borrowings. MMFSL also maintains unutilized lines of credit from banks (over Rs.900 crore) to take care of any liquidity needs. In addition, the company also has access to funding lines from group companies to meet any liquidity requirements.

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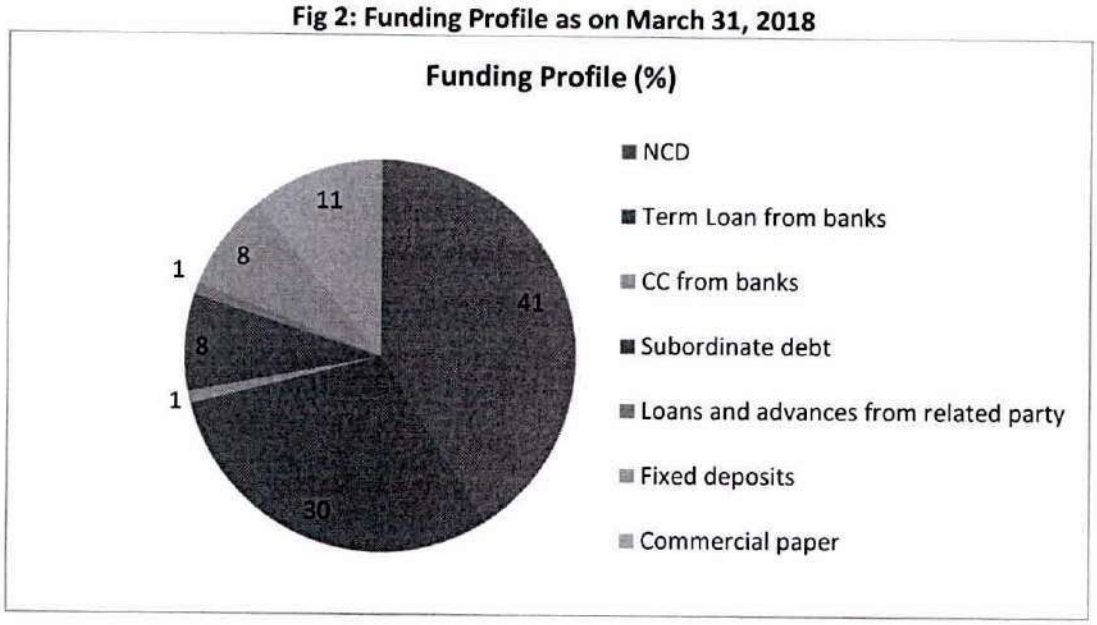
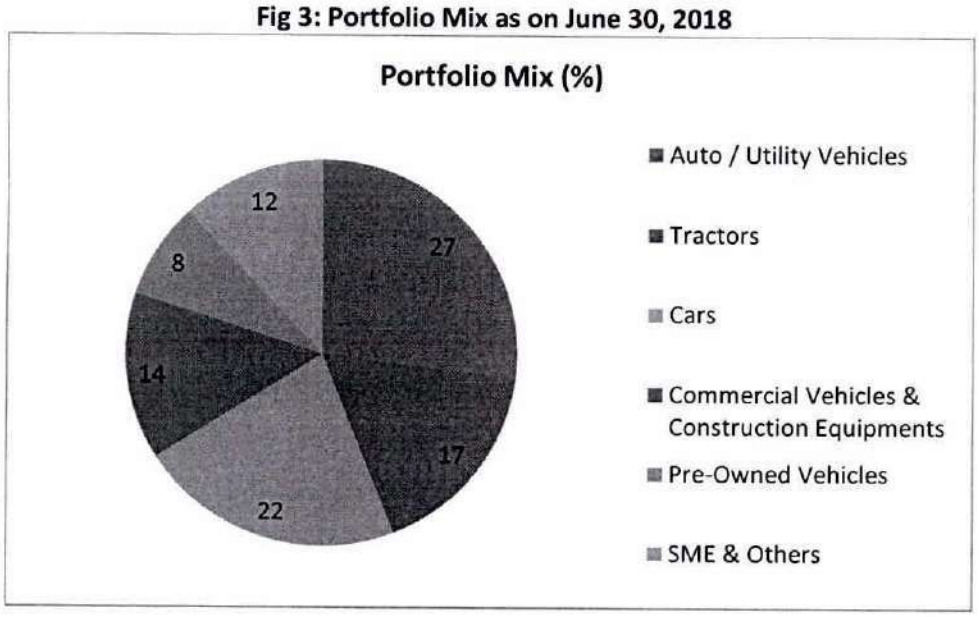
**Fig 2: Funding Profile as on March 31, 2018**




***Diversified portfolio mix***

MMFSL, on a standalone basis, had an AUM of Rs.58,711 crore as on June 30, 2018, which is well diversified with various asset classes like Auto/utility vehicles (27%), car (22%), tractor (17%), commercial vehicles & Construction equipment (14%), Pre owned vehicles (8%), SMEs and others (12%).

**Fig 3: Portfolio Mix as on June 30, 2018**

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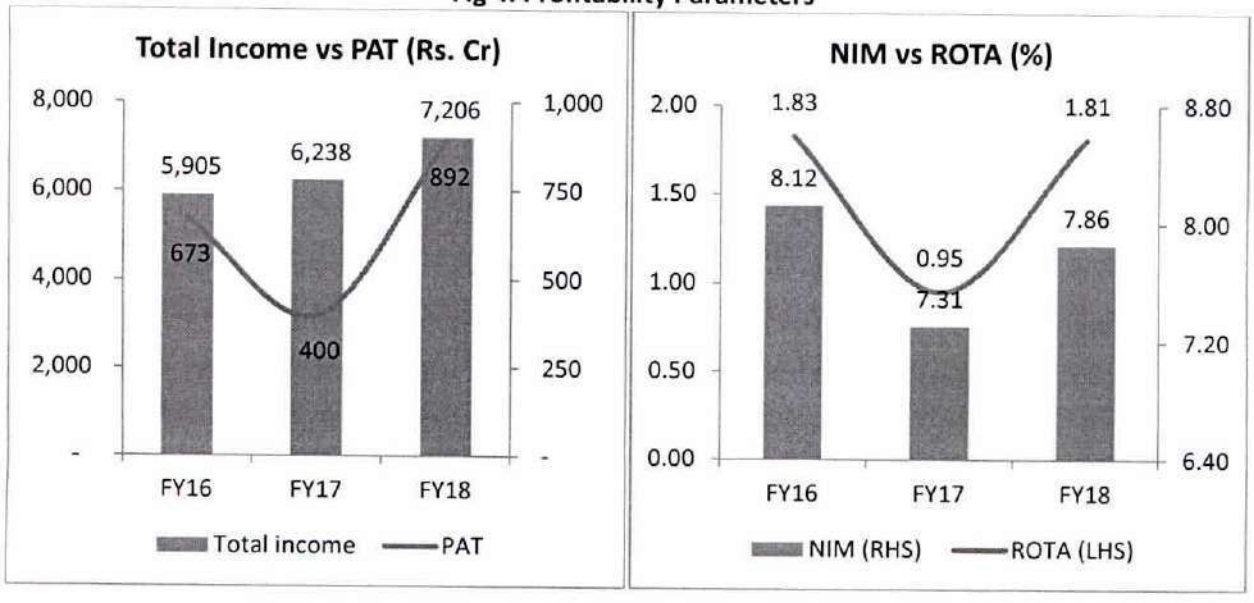
***Moderate profitability profile with improvement during FY18***

As the target segment of the company is rural which has high dependence on cash, MMFSL saw impact on profitability on account of demonetization during FY17 (especially second half of the year) resulting in decline of 40% in Profit After Tax (PAT) to Rs.400 crore on total income of Rs.6,238 crore during FY17 as compared to PAT of Rs.673 crore on total income of Rs.5,905 crore during FY16. During FY18, MMFSL saw improvement in recovery and collections resulting in improvement in profitability. It reported PAT of Rs.892 crore on total income of Rs.7,206 crore during FY18 with Return on Total Assets (ROTA) improving to 1.81% as against 0.95% for FY17.

During Q1FY19 (refers to period from April 01 to June 30), MMFSL reported financial results under IND AS and reported PAT of Rs.269 crore on total income of Rs.1,940 crore as compared to PAT of Rs.201 crore on total income of Rs.1,509 crore during Q1FY18 (under IND AS).

**Fig 4: Profitability Parameters**



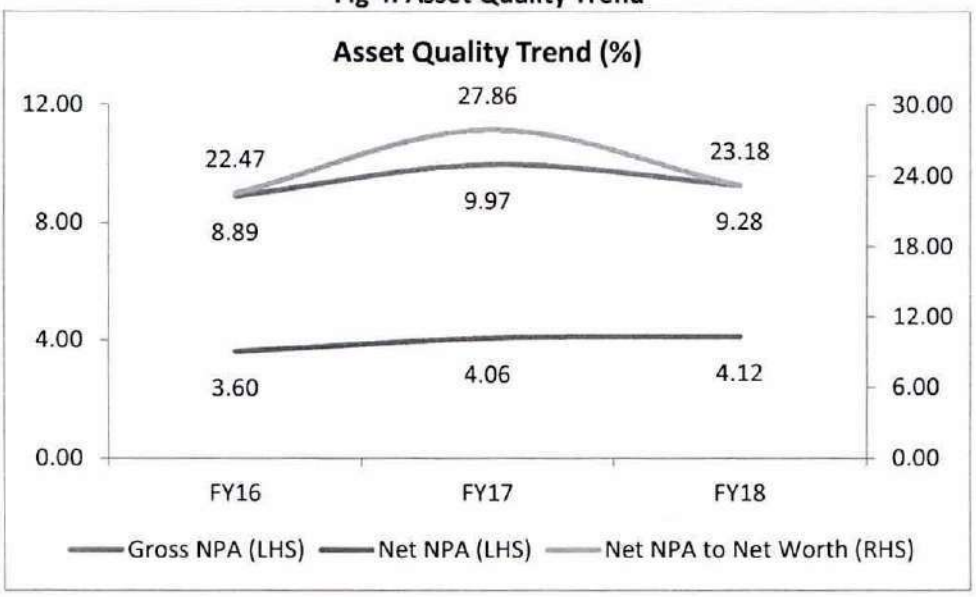

***Asset quality under pressure***

The asset quality parameters of MMFSL have traditionally been inferior to its peers as it is business is closely linked to rural economy with uncertain cash flows. However, the loan pricing takes care of higher delinquencies with above industry average profitability. After two consecutive droughts, country received normal monsoon in 2016 and 2017 which was a positive for customer profile of MMFSL; however, company faced incremental stress in asset quality parameters for short term on account of

lower collections due to demonetization which has stabilised since then. Further, adequate monsoon during 2018 is expected to improve the asset quality in the current financial year.

The company reported Gross NPA ratio of 9.26% (P.Y.: 9.93%) and Net NPA ratio of 4.10% (P.Y.: 4.05%) respectively as on March 31, 2018. MMFSL has migrated to 90+ dpd NPA recognition from 120+ dpd criteria from FY18. Net NPA to net worth was 23.18% (P.Y.: 27.84%) as on March 31, 2018. The company has reported Stage 3 assets (90+ dpd) of 9.43% (P.Y.: 14.54%) and Net NPA ratio of 6.33% (P.Y.: 9.31%) under IND AS as on June 30, 2018.

**Fig 4: Asset Quality Trend**




**Prospects:**

Over the last few years, the NBFC sector has gained systemic importance with increase in share of NBFC total assets to bank total assets. The same has resulted in the Reserve Bank of India (RBI) taking various policy actions resulting in NBFCs attracting higher support and regulatory scrutiny. The RBI has revised the regulatory framework for NBFCs which broadly focuses on strengthening the structural profile of NBFC sector, wherein focus is more on safeguarding depositors' money and regulating NBFCs which have increased their asset-size over time and gained systemic importance. On the asset quality front, gradual change in the NPA recognition norms would lead to deterioration in asset quality parameters during the transition phase. Overall the revised regulations are positive for the NBFC sector making it structurally stronger, increase transparency and improve their ability to withstand asset quality shocks in the long run.

Due to subdued economic environment, last few years have been challenging period for the NBFCs with moderation in growth and rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalization levels and liquidity management continue to provide comfort to the credit profile of NBFCs in spite of impact on profitability.

**Financial Performance:** (Rs. Crore)

| Particulars | FY16 12m, A | FY17 12m, A | FY18 12m, A |
|---|---|---|---|
| Interest income on loan portfolio | 5,307 | 5,692 | 6,612 |
| Other interest income | 117 | 119 | 122 |
| Service charges and other fees on loan transactions | 223 | 243 | 271 |
| Income from assignment / securitization transactions | 206 | 119 | 142 |
| Other income | 52 | 64 | 59 |
| **Total Income** | **5,905** | **6,238** | **7,206** |
| Interest expense | 2,639 | 2,857 | 3,000 |
| Operational expenses | 1,178 | 1,451 | 1,671 |
| Bad debts and write offs | 510 | 845 | 1,058 |
| Provision for Non-performing assets & std. assets | 539 | 464 | 169 |
| Profit before tax | 1,038 | 620 | 1,308 |
| **Profit after tax** | **673** | **400** | **892** |
| Total Loan portfolio | 36,258 | 42,107 | 50,750 |
| Asset Under Management (AUM) | 40,993 | 46,776 | 55,101 |
| Total investment | 1,483 | 1,889 | 1,873 |
| Tangible Net worth | 5,497 | 5,742 | 8,502 |
| Total borrowings | 29,452 | 34,670 | 39,417 |
| Cash and bank balance | 589 | 578 | 411 |
| Total assets | 38,989 | 45,250 | 53,567 |
| **Key Ratios (%)** | | | |
| Overall Gearing (times) | 5.36 | 6.04 | 4.64 |
| Interest coverage (before provisions) | 1.79 | 1.68 | 1.85 |
| Interest coverage (after provisions) | 1.39 | 1.22 | 1.44 |
| NIM | 8.12 | 7.30 | 7.84 |
| ROTA | 1.83 | 0.95 | 1.81 |
| RONW | 12.52 | 7.12 | 12.52 |
| Yield on loan portfolio | 15.42 | 14.53 | 14.24 |
| Cost of borrowings | 9.47 | 8.91 | 8.10 |
| Spread | 5.95 | 5.61 | 6.14 |
| Gross NPA (Rs. Crore) | 3,224 | 4,183 | 4,699 |
| Net NPA (Rs. Crore) | 1,235 | 1,600 | 1,971 |
| Gross NPA (%) | 8.89 | 9.93 | 9.26 |
| Net NPA (%) | 3.60 | 4.05 | 4.10 |
| Net NPA to net worth (%) | 22.47 | 27.86 | 23.18 |

| Particulars | FY16 12m, A | FY17 12m, A | FY18 12m, A |
|---|---|---|---|
| CAR | 17.30 | 17.22 | 21.90 |
| Tier I CAR | 14.60 | 12.81 | 16.00 |
| Operational expenses / Avg. total assets (%) | 3.20 | 3.44 | 3.38 |

*A: Audited*

**Analyst Contact:**
Name: Aditya Acharekar
Tel: 022 – 6754 3528
Email: aditya.acharekar@careratings.com

**(This follows our Brief Rationale for entity published on October 8, 2018)**

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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## ANNEXURE B

## CREDIT RATING LETTER FROM INDIA RATINGS DATED OCTOBER 3, 2018, REVALIDATION LETTER DATED NOVEMBER 2, 2018 AND RATING RATIONALE

**Mr. Dinesh Prajapati**
VP - Treasury & Corporate Affairs,
Mahindra & Mahindra Financial Services Limited,
4th Floor, Mahindra Towers,
Dr. G.M. Bhosale Marg, Worli,
Mumbai -400018

October 3, 2018

Dear Mr. Prajapati,

**Re: Mahindra & Mahindra Financial Services Limited (MMFSL)**

India Ratings (see definition below) assigns the following ratings to MMFSL:-

- INR100bn retail non-convertible debentures (NCD): 'IND AAA'/ Outlook Stable (the rated limit is interchangeable with retail subordinated debt)
- INR5bn Principal protected market linked debenture: IND PP-MLD AAA emr/Stable

**The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).
PP-MLD refers to full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can

be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at 91 22 4000 1700.

Sincerely,
India Ratings

Sandeep Singh
Senior Director

Prakash Agarwal
Director

**Mr. Dinesh Prajapati**
VP - Treasury & Corporate Affairs,
Mahindra & Mahindra Financial Services Limited,
4th Floor, Mahindra Towers,
Dr. G.M. Bhosale Marg, Worli,
Mumbai -400018

November 2, 2018

Dear Mr. Prajapati,

**Re: Mahindra & Mahindra Financial Services Limited (MMFSL)**

India Ratings (see definition below) communicates the following ratings to MMFSL:-

- INR100bn retail non-convertible debentures (NCD): 'IND AAA'/ Outlook Stable (the rated limit is interchangeable with retail subordinated debt)
- INR5bn Principal protected market linked debenture: IND PP-MLD AAA emr/Stable

The limits on retail NCD and Principal protected market linked debenture are unutilized and yet to be issued

**The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).
PP-MLD refers to full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can

be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at 91 22 4000 1700.

Sincerely,
India Ratings

Rakesh Valecha
Senior Director

Prakash Agarwal
Director

India Ratings & Research
A Fitch Group Company

# India Ratings Assigns Mahindra & Mahindra Financial Services' Additional NCDs 'IND AAA'; Outlook Stable

01

OCT 2018

By Pankaj Naik

India Ratings and Research (Ind-Ra) has assigned Mahindra & Mahindra Financial Services Limited's (MMFSL) debt facilities as follows:

| Instrument Type | Date of Issuance | Coupon Rate | Maturity Date | Size of Issue (million) | Rating/Outlook | Rating Action |
|---|---|---|---|---|---|---|
| Retail non-convertible debentures (NCDs)*^ | - | - | - | INR100,000 | IND AAA/Stable | Assigned |
| Principal protected market linked debenture** | - | - | - | INR5,000 | IND PP-MLD AAA emr/Stable | Assigned |

*Details are given in Annexure below
^the rated limit is interchangeable with retail subordinated debt
**The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).
PP-MLD refers to full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity.

## KEY RATING DRIVERS

**Core to Parent's Business:** The ratings continue to reflect the credit strength of MMFSL's parent Mahindra & Mahindra Limited (M&M; 'IND AAA'/Stable; holds 51.2% stake) and factors in Ind-Ra's expectation of strong, timely financial support to MMFSL from M&M, if required. Ind-Ra considers MMFSL to be a core to M&M's operations, as it supports a substantial proportion of the parent's business. M&M has articulated that MMFSL's business remains aligned with that of the parent, and that it remains committed to providing support, if required.

MMFSL is the largest financier of M&M vehicles financing about 30% of M&M sales. The share remained largely stable in FY18, although the proportion of non-M&M assets in MMFSL's assets under management gradually increased to 55% (FY14: 51%), as MMFSL expanded faster than M&M. The company has been growing rapidly by increasing tie-ups with original equipment manufacturers in the car segment, financing of non-M&M tractors and growing in the small and medium enterprises (SME) and heavy commercial vehicle segments. MMFSL has a high rural penetration rate and provides finance largely to customers with a weak credit profile that may not otherwise be targeted by other financiers. In Ind-Ra's opinion, it is crucial to M&M's sales of rural and semi-urban products (tractors, pick-up vans and others).

MMFSL is also an important entity for launching M&M's new products in rural geographies and securing a foothold in the target market. MMFSL shares its parent's brand name and has strong operational linkages with it. M&M's group CFO is on the board of MMFSL. The business plans of MMFSL are formulated after considering M&M's strategies and are in alignment with the latter's plans. Ind-Ra has factored in the possible support to MMFSL while arriving at M&M's ratings. M&M maintains sufficient liquidity to cover the debt obligations of both M&M and MMFSL payable over one quarter.

**Rise in Short-Term Borrowings, Although Ability to Mobilise Funds Remains:** There has been a rise in MMFSL's short term borrowings by way of commercial paper in 1QFY19 (16% of total borrowings, FY18: 11%, FY17: 11%) which led to negative gaps in the liquidity profile (maximum negative gap: 3% of assets in two-to-three 3 months bucket). In the current tight liquidity environment, this exposes the company to refinancing risk. However, MMFSL maintains reasonable unutilised bank lines from multiple banks to support the liquidity requirement. The company can also access funds from group companies and has INR14 billion of liquidity line from group companies.

**Margin Pressure in Light of Rising Funding Cost:** About 60% of MMFSL's borrowings are from capital markets; hence, funding cost would increase, given the secular rise in market interest rates. In addition, bank funding has become costlier by 20-25 bp due to liquidity tightness. Thus, MMFSL's margin is likely to be under pressure for FY19.

Further, a change in the company's portfolio mix with increasing proportion of SME loans, financing of utility vehicles in the personal segment and deterioration in the asset quality has compressed yields (FY18: 14.1%, FY15: 16.0%). The yields could remain under pressure with a further growth in lower yielding SME and heavy commercial vehicle segments. However, growth in the tractor and used assets segments, which are originated at higher yields, will provide some cushion to net interest margins, provided delinquencies are kept under control.

**Credit Cost Softened, Although Yet to Stabilise:** MMFSL adopted Indian Accounting Standards method of accounting from 1QFY19, leading to some softening of credit cost (1QFY19: 2.2%, FY18: 2.6%, FY17: 3.3%, FY16: 3%). However, it remains to be seen if the shift in the credit cost is a permanent structural change and maintained through the cycle. The credit cost was impacted in the previous years due to high loan growth during FY13-FY14 in the face of rising rural stress coupled with poor monsoon in 2014-2015, and delinquencies arising from the government's demonetisation drive.

MMFSL increased its focus on collection post the creation of a dedicated collection vertical in June 2016. This has helped in arresting incremental delinquencies, however, an uneven spatial distribution of rainfall and a pan-India monsoon deficit can impact rural cash flows, thereby pressurising asset quality. Few southern states (20% of the loan book) are yet to exhibit complete recovery and may exert some pressure on the credit cost. MMFSL plans to focus on used assets, heavy commercial vehicles and SME segments; however, its ability to control credit cost in these segments remains to be seen.

**Weak Capital Buffers:** MMFSL's capitalisation (Tier I 1QFY19: 16.6%, FY18: 17.0%) improved post equity infusion of INR21 billion in 3QFY18. However, the capital buffers available to absorb asset quality stress remain weak with net stage 3 assets (post deduction of excess provisions on stage 1 & 2 assets) at 26% of net worth. However, the capital infusion of INR11 billion by M&M in 3QFY18 indicates the parent's support stance for MMFSL.

## RATING SENSITIVITIES

A negative rating action could result from any substantial decline in the proportion of M&M's revenue from MMFSL due to M&M's rapid expansion in urban and high-end products and/or a surge in participation from other financiers in M&M's sales, making it less dependent on MMFSL. The ratings would also be affected if MMFSL's operational linkages with M&M dilute significantly. Any weakening of M&M's credit profile or its ability to support MMFSL's increasing debt levels will also be negative for the ratings.

## COMPANY PROFILE

MMFSL is a large non-banking finance company and M&M is a leading Indian automobile manufacturer. Besides financing M&M's vehicles, MMFSL is the holding company of the group's other financial service forays, including rural housing finance.

**FINANCIAL SUMMARY (as per IGAAP)**

| Particulars | FY18 | FY17 |
|---|---|---|
| Total assets (INR million) | 515,022 | 433,193 |
| Total equity (INR million) | 85,092 | 57,456 |
| Net income (INR million) | 8,919 | 4002 |
| Return on average assets (%) | 1.88 | 0.99 |
| Tier 1 capital (%) | 16.1 | 12.8 |
| Source: Company | | |

## RATING HISTORY

| Instrument Type | Current Rating/Outlook | | | Historical Rating/Outlook | | |
|---|---|---|---|---|---|---|
| | Rating Type | Rated Limits (million) | Rating | 8 May 2018 | 26 September 2017 | 3 March 2017 |
| Issuer rating | Long-term | - | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable |
| NCDs* | Long-term | INR290,000 | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable |
| Subordinated debt* | Long-term | INR44,500 | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable | IND AAA/Stable |

| | | | | | | |
|---|---|---|---|---|---|---|
| Commercial paper | Short-term | INR85,000 | IND A1+ | IND A1+ | IND A1+ | IND A1+ |
| Principal protected market linked debenture | Long term | INR5,000 | IND PP-MLD AAA emr/Stable | -- | -- | -- |

*Details are given in Annexure below

## ANNEXURE

**ANNEXURE - NCDs**

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D07KB0 | 20 August 2014 | 9.45^ | 20 August 2019 | INR400 | IND AAA/Stable |
| INE774D07KC8 | 5 September 2014 | 9.46^ | 5 September 2019 | INR350 | IND AAA/Stable |
| INE774D07KN5 | 10 November 2014 | 9.05 | 8 November 2019 | INR2,500 | IND AAA/Stable |
| INE774D07KO3 | 12 November 2014 | 8.85^ | 12 November 2019 | INR1,150 | IND AAA/Stable |
| INE774D07KS4 | 4 December 2014 | 8.65^ | 4 December 2019 | INR1,000 | IND AAA/Stable |
| INE774D07KT2 | 15 December 2014 | 8.95 | 13 December 2024 | INR1,750 | IND AAA/Stable |
| INE774D07KU0 | 17 December 2014 | 8.85^ | 17 December 2018 | INR500 | IND AAA/Stable |
| INE774D07KV8 | 20 January 2015 | 8.92^ | 16 January 2020 | INR1,750 | IND AAA/Stable |
| INE774D07KW6 | 23 January 2015 | 8.79 | 23 January 2025 | INR2,500 | IND AAA/Stable |
| INE774D07LB8 | 10 March 2015 | 8.7 | 10 March 2025 | INR550 | IND AAA/Stable |
| INE774D07LE2 | 24 March 2015 | 8.72 | 24 March 2025 | INR500 | IND AAA/Stable |
| INE774D07LO1 | 22 April 2015 | 9 | 22 April 2025 | INR5,000 | IND AAA/Stable |
| INE774D07MK7 | 24 June 2015 | 9 | 24 June 2025 | INR5,000 | IND AAA/Stable |
| INE774D07ML5 | 29 June 2015 | 8.95 | 29 June 2022 | INR970 | IND AAA/Stable |
| INE774D07MM3 | 29 June 2015 | 8.95 | 27 June 2025 | INR150 | IND AAA/Stable |
| INE774D07ND0 | 30 July 2015 | 8.78 | 13 March 2019 | INR1,000 | IND AAA/Stable |
| INE774D07NH1 | 6 August 2015 | 8.8 | 6 August 2020 | INR1,250 | IND AAA/Stable |
| INE774D07NN9 | 9 October 2015 | 8.75 | 9 October 2025 | INR2,500 | IND AAA/Stable |
| INE774D07NO7 | 13 October 2015 | 8.61 | 11 October 2019 | INR1,000 | IND AAA/Stable |
| INE774D07NP4 | 14 October 2015 | 8.59 | 1 October 2018 | INR250 | IND AAA/Stable |
| INE774D07NT6 | 30 October 2015 | 8.48 | 30 October 2020 | INR2,500 | IND AAA/Stable |
| INE774D07NW0 | 7 December 2015 | 8.58^ | 12 March 2019 | INR500 | IND AAA/Stable |
| INE774D07NX8 | 15 December 2015 | 8.60* | 29 March 2019 | INR400 | IND AAA/Stable |
| INE774D07NY6 | 11 February 2016 | 8.79 | 26 March 2019 | INR180 | IND AAA/Stable |
| INE774D07NZ3 | 11 February 2016 | 8.78 | 22 May 2019 | INR125 | IND AAA/Stable |
| INE774D07OA4 | 15 February 2016 | 8.8 | 15 May 2019 | INR1,000 | IND AAA/Stable |
| INE774D07OB2 | 16 February 2016 | 8.79 | 09 April 2019 | INR140 | IND AAA/Stable |
| INE774D07OC0 | 04 March 2016 | 8.84 | 12 April 2019 | INR140 | IND AAA/Stable |
| INE774D07OD8 | 4 March 2016 | 8.83 | 27 May 2019 | INR130 | IND AAA/Stable |
| INE774D07OE6 | 8 March 2016 | 8.85 | 8 March 2019 | INR250 | IND AAA/Stable |
| INE774D07OF3 | 14 March 2016 | 8.84 | 15 April 2019 | INR150 | IND AAA/Stable |
| INE774D07OG1 | 14 March 2016 | 8.83 | 4 June 2019 | INR100 | IND AAA/Stable |
| INE774D07OH9 | 15 March 2016 | 8.84 | 15 April 2019 | INR100 | IND AAA/Stable |
| INE774D07OI7 | 21 March 2016 | 8.84 | 15 April 2019 | INR220 | IND AAA/Stable |
| INE774D07OJ5 | 21 March 2016 | 8.82 | 15 July 2019 | INR40 | IND AAA/Stable |
| INE774D07OK3 | 22 March 2016 | 8.84 | 22 April 2019 | INR110 | IND AAA/Stable |
| INE774D07OL1 | 22 March 2016 | 8.83 | 13 June 2019 | INR80 | IND AAA/Stable |
| INE774D07OM9 | 29 March 2016 | 8.82 | 29 March 2021 | INR2,710 | IND AAA/Stable |
| INE774D07ON7 | 30 March 2016 | 8.75 | 30 April 2019 | INR1,750 | IND AAA/Stable |
| INE774D07OO5 | 31 March 2016 | 8.83 | 5 June 2019 | INR1,500 | IND AAA/Stable |

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D07OP2 | 4 April 2016 | 8.68 | 4 September 2019 | INR1,000 | IND AAA/Stable |
| INE774D07OQ0 | 5 April 2016 | 8.7 | 26 March 2019 | INR600 | IND AAA/Stable |
| INE774D07OR8 | 5 April 2016 | 8.7 | 5 April 2019 | INR540 | IND AAA/Stable |
| INE774D07OS6 | 6 April 2016 | 8.7 | 26 March 2019 | INR650 | IND AAA/Stable |
| INE774D07OT4 | 6 April 2016 | 8.7 | 15 April 2019 | INR350 | IND AAA/Stable |
| INE774D07OU2 | 12 April 2016 | 8.52 | 12 April 2019 | INR200 | IND AAA/Stable |
| INE774D07OV0 | 14 June 2016 | 8.6 | 11 June 2019 | INR60 | IND AAA/Stable |
| INE774D07PC7 | 28 July 2016 | 8.48 | 26 June 2020 | INR700 | IND AAA/Stable |
| INE774D07PD5 | 29 July 2016 | 8.30^ | 27 December 2018 | INR1,000 | IND AAA/Stable |
| INE774D07PG8 | 3 August 2016 | 8.3 | 31 July 2019 | INR95 | IND AAA/Stable |
| INE774D07PH6 | 12 August 2016 | 8.25 | 12 August 2019 | INR1,500 | IND AAA/Stable |
| INE774D07PK0 | 23 August 2016 | 8.25 | 23 August 2019 | INR1,250 | IND AAA/Stable |
| INE774D07PL8 | 24 August 2016 | 8.25 | 23 August 2019 | INR1,000 | IND AAA/Stable |
| INE774D07PO2 | 2 September 2016 | 8.05 | 2 September 2019 | INR250 | IND AAA/Stable |
| INE774D07PP9 | 8 September 2016 | 7.98 | 7 February 2020 | INR500 | IND AAA/Stable |
| INE774D07PQ7 | 12 September 2016 | 7.95 | 10 September 2019 | INR500 | IND AAA/Stable |
| INE774D07PS3 | 20 September 2016 | 7.98 | 13 March 2020 | INR1,250 | IND AAA/Stable |
| INE774D07PT1 | 23 September 2016 | 7.95 | 23 September 2019 | INR500 | IND AAA/Stable |
| INE774D07PU9 | 28 September 2016 | 7.87 | 28 March 2019 | INR1,000 | IND AAA/Stable |
| INE774D07PV7 | 29 September 2016 | 7.75 | 27 September 2019 | INR2,500 | IND AAA/Stable |
| INE774D07PW5 | 4 October 2016 | 7.81 | 4 October 2019 | INR100 | IND AAA/Stable |
| INE774D07PX3 | 6 October 2016 | 7.63 | 14 February 2019 | INR500 | IND AAA/Stable |
| INE774D07PY1 | 7 October 2016 | 7.63 | 21 February 2019 | INR1,000 | IND AAA/Stable |
| INE774D07PZ8 | 10 October 2016 | 7.77 | 20 March 2019 | INR2,500 | IND AAA/Stable |
| INE774D07QA9 | 13 October 2016 | 7.63 | 13 December 2018 | INR2,500 | IND AAA/Stable |
| INE774D07QB7 | 14 October 2016 | 7.62 | 21 December 2018 | INR3,000 | IND AAA/Stable |
| INE774D07QC5 | 21 November 2016 | 7.53 | 21 November 2018 | INR2,000 | IND AAA/Stable |
| INE774D07QD3 | 25 November 2016 | 7.53 | 25 March 2020 | INR750 | IND AAA/Stable |
| INE774D07QE1 | 28 November 2016 | 7.43 | 28 November 2019 | INR1,000 | IND AAA/Stable |
| INE774D07QF8 | 29 November 2016 | 7.5 | 29 November 2021 | INR200 | IND AAA/Stable |
| INE774D07QG6 | 30 November 2016 | 7.5 | 30 November 2021 | INR750 | IND AAA/Stable |
| INE774D07QH4 | 1 December 2016 | 7.6 | 3 June 2019 | INR5,000 | IND AAA/Stable |
| INE774D07QI2 | 6 January 2017 | 7.63 | 4 January 2019 | INR250 | IND AAA/Stable |
| INE774D07QK8 | 10 January 2017 | 7.63 | 10 January 2019 | INR500 | IND AAA/Stable |
| INE774D07QL6 | 11 January 2017 | 7.63 | 11 January 2019 | INR350 | IND AAA/Stable |
| INE774D07QO0 | 23 January 2017 | 7.65 | 23 January 2019 | INR250 | IND AAA/Stable |
| INE774D07QR3 | 31 January 2017 | 7.69 | 14 August 2020 | INR250 | IND AAA/Stable |
| INE774D07QS1 | 1 February 2017 | 7.72 | 31 January 2020 | INR250 | IND AAA/Stable |
| INE774D07QT9 | 3 February 2017 | 7.84 | 21 December 2020 | INR4,000 | IND AAA/Stable |
| INE774D07QU7 | 7 February 2017 | 7.69 | 9 March 2020 | INR250 | IND AAA/Stable |
| INE774D07QV5 | 10 February 2017 | 7.69 | 27 March 2020 | INR800 | IND AAA/Stable |
| INE774D07QW3 | 17 February 2017 | 7.78 | 15 February 2019 | INR250 | IND AAA/Stable |
| INE774D07QX1 | 20 February 2017 | 7.78 | 20 February 2019 | INR250 | IND AAA/Stable |
| INE774D07QY9 | 22 February 2017 | 7.83 | 19 August 2020 | INR148 | IND AAA/Stable |
| INE774D07QZ6 | 23 February 2017 | 7.85 | 21 August 2020 | INR150 | IND AAA/Stable |
| INE774D07RA7 | 27 February 2017 | 7.63 | 14 March 2019 | INR500 | IND AAA/Stable |
| INE774D07RB5 | 21 March 2017 | 7.9 | 08 July 2020 | INR370 | IND AAA/Stable |

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D07RC3 | 23 March 2017 | 7.8 | 22 March 2019 | INR2,500 | IND AAA/Stable |
| INE774D07RD1 | 27 March 2017 | 7.85 | 25 March 2022 | INR250 | IND AAA/Stable |
| INE774D07RE9 | 6 April 2017 | 7.9 | 5 June 2020 | INR3,000 | IND AAA/Stable |
| INE774D07RF6 | 7 April 2017 | 7.63 | 22 May 2019 | INR1,500 | IND AAA/Stable |
| INE774D07RG4 | 5 June 2017 | 7.77 | 3 July 2020 | INR700 | IND AAA/Stable |
| INE774D07RH2 | 7 June 2017 | 7.65 | 7 June 2019 | INR1,250 | IND AAA/Stable |
| INE774D07RI0 | 12 June 2017 | 7.75 | 12 June 2020 | INR2,500 | IND AAA/Stable |
| INE774D07RJ8 | 14 June 2017 | 7.53 | 14 June 2019 | INR2,000 | IND AAA/Stable |
| INE774D07RK6 | 22 June 2017 | 7.65 | 22 June 2020 | INR5,000 | IND AAA/Stable |
| INE774D07RL4 | 23 June 2017 | 7.65 | 21 June 2019 | INR1,250 | IND AAA/Stable |
| INE774D07RM2 | 31 July 2017 | 7.5 | 31 July 2020 | INR1,000 | IND AAA/Stable |
| INE774D07RN0 | 1 August 2017 | 7.4 | 1 August 2019 | INR2,000 | IND AAA/Stable |
| INE774D07RO8 | 14 August 2017 | 7.39 | 22 December 2020 | INR1,750 | IND AAA/Stable |
| INE774D07RP5 | 28 August 2017 | 7.33* | 26 September 2019 | INR1,500 | IND AAA/Stable |
| INE774D07RQ3 | 5 September 2017 | 7.35 | 4 September 2020 | INR3,500 | IND AAA/Stable |
| INE774D07RR1 | 6 September 2017 | 7.32 | 6 September 2019 | INR4,000 | IND AAA/Stable |
| INE774D07RS9 | 28 September 2017 | 7.29 | 25 September 2019 | INR4,750 | IND AAA/Stable |
| INE774D07RT7 | 18 October 2017 | 7.54 | 16 October 2020 | INR 2,500 | IND AAA/Stable |
| INE774D07RU5 | 30 October 2017 | 7.54* | 30 December 2020 | INR2,000 | IND AAA/Stable |
| INE774D07RV3 | 1 November 2017 | 7.53 | 29 January 2021 | INR1,500 | IND AAA/Stable |
| INE774D07RW1 | 29 November 2017 | 7.34* | 29 May 2019 | INR278 | IND AAA/Stable |
| INE774D07RX9 | 21 March 2018 | 8.15^ | 27 May 2021 | INR2,430 | IND AAA/Stable |
| INE774D07RY7 | 23 March 2018 | 8.15^ | 7 April 2021 | INR570 | IND AAA/Stable |
| INE774D08MN9 | 19 April 2018 | 8.53# | 19 April 2033 | INR10,000 | IND AAA/Stable |
| INE774D07RZ4 | 19 April 2018 | 7.90 | 23 April 2019 | INR2,000 | IND AAA/Stable |
| INE774D07SA5 | 19 April 2018 | 8.10 | 17 April 2020 | INR2,000 | IND AAA/Stable |
| INE774D07SB3 | 19 April 2018 | 8.10 | 19 April 2021 | INR2,000 | IND AAA/Stable |
| INE774D07SC1 | 19 April 2018 | 8.25 | 19 April 2022 | INR2,000 | IND AAA/Stable |
| INE774D07SD9 | 8 June 2018 | 8.60^ | 28 April 2022 | INR400 | IND AAA/Stable |
| INE774D07SF4 | 12 July 2018 | 1 YR SBI MCLR+ 50 Bps | 13 July 2020 | INR4,000 | IND AAA/Stable |
| INE774D07SG2 | 20 July 2018 | 8.75 | 20 July 2020 | INR2,850 | IND AAA/Stable |
| INE774D07SH0 | 20 July 2018 | 8.85^ | 23 July 2021 | INR5,000 | IND AAA/Stable |
| | | | | | |
| | | | | | |
| | | | | | |
| **Total** | **Utilised** | | | **INR163,486** | |
| | **Unutilised NCDs** | | | **INR126,514** | |
| | **Total** | | | **INR290,000** | |

**^**issued at face value and redemption at premium, rate mentioned is the yield
*****zero coupon bond, rate mentioned is the yield
# partly paid up NCDs – amount is full face value

**ANNEXURE - Subordinated debt**

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (INR million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D08JC8 | 17 October 2008 | 11.75 | 17 October 2018 | INR98 | IND AAA/Stable |
| INE774D08JR6 | 10 November 2009 | 9.85 | 11 November 2019 | INR250 | IND AAA/Stable |

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (INR million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D08JS4 | 20 November 2009 | 9.85 | 20 November 2019 | INR750 | IND AAA/Stable |
| INE774D08KW4 | 7 December 2011 | 10.05 | 7 December 2021 | INR5 | IND AAA/Stable |
| INE774D08KX2 | 12 December 2011 | 10.50 | 13 December 2021 | INR1,000 | IND AAA/Stable |
| INE774D08KY0 | 19 June 2012 | 10.15 | 20 June 2022 | INR200 | IND AAA/Stable |
| INE774D08KZ7 | 26 June 2012 | 10.15 | 27 June 2022 | INR50 | IND AAA/Stable |
| INE774D08LA8 | 19 October 2012 | 10.02 | 19 October 2022 | INR50 | IND AAA/Stable |
| INE774D08LB6 | 19 October 2012 | 10.02 | 21 October 2019 | INR450 | IND AAA/Stable |
| INE774D08LC4 | 17 January 2013 | 9.80 | 17 January 2023 | INR400 | IND AAA/Stable |
| INE774D08LE0 | 23 April 2013 | 9.70 | 23 April 2020 | INR200 | IND AAA/Stable |
| INE774D08LD2 | 23 April 2013 | 9.70 | 24 April 2023 | INR800 | IND AAA/Stable |
| INE774D08LG5 | 24 May 2013 | 9.50 | 25 May 2020 | INR522 | IND AAA/Stable |
| INE774D08LF7 | 24 May 2013 | 9.50 | 24 May 2023 | INR478 | IND AAA/Stable |
| INE774D08LH3 | 28 August 2014 | 9.60 | 28 August 2024 | INR100 | IND AAA/Stable |
| INE774D08LI1 | 3 September 2014 | 9.60 | 3 September 2024 | INR50 | IND AAA/Stable |
| INE774D08LJ9 | 17 November 2014 | 9.50 | 15 November 2024 | INR1,000 | IND AAA/Stable |
| INE774D08LK7 | 2 February 2015 | 9.18 | 31 January 2025 | INR1,000 | IND AAA/Stable |
| INE774D08LL5 | 25 June 2015 | 9.10 | 25 June 2025 | INR250 | IND AAA/Stable |
| INE774D08LM3 | 14 August 2015 | 9.00 | 14 August 2025 | INR250 | IND AAA/Stable |
| INE774D08LN1 | 21 August 2015 | 9.00 | 21 August 2025 | INR250 | IND AAA/Stable |
| INE774D08LO9 | 27 October 2015 | 8.90 | 27 October 2025 | INR1,000 | IND AAA/Stable |
| **Utilised** | | | | **INR9,153** | |

**Retail Subordinated Debt Issuances**

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (INR million) | Rating/Outlook |
|---|---|---|---|---|---|
| INE774D08LP6 | 6 June 2016 | 8.34 | 6 December 2021 | INR19.45 | IND AAA/Stable |
| INE774D08LQ4 | 6 June 2016 | 8.44 | 6 December 2021 | INR70.87 | IND AAA/Stable |
| INE774D08LR2 | 6 June 2016 | 8.44 | 6 June 2023 | INR52.40 | IND AAA/Stable |
| INE774D08LS0 | 6 June 2016 | 8.53 | 6 June 2023 | INR12.96 | IND AAA/Stable |
| INE774D08LT8 | 6 June 2016 | 8.53 | 6 June 2026 | INR9.00 | IND AAA/Stable |
| INE774D08LU6 | 6 June 2016 | 8.72 | 6 June 2026 | INR247.35 | IND AAA/Stable |
| INE774D08LV4 | 6 June 2016 | 8.60 | 6 December 2021 | INR285.54 | IND AAA/Stable |
| INE774D08LW2 | 6 June 2016 | 8.70 | 6 December 2021 | INR133.89 | IND AAA/Stable |
| INE774D08LX0 | 6 June 2016 | 8.70 | 6 June 2023 | INR8.00 | IND AAA/Stable |
| INE774D08LY8 | 6 June 2016 | 8.80 | 6 June 2023 | INR36.37 | IND AAA/Stable |
| INE774D08LZ5 | 6 June 2016 | 8.80 | 6 June 2026 | INR278.30 | IND AAA/Stable |
| INE774D08MA6 | 6 June 2016 | 9.00 | 6 June 2026 | INR8,523.3 | IND AAA/Stable |
| INE774D08MC2 | 6 June 2016 | 8.70# | 6 December 2021 | INR36.84 | IND AAA/Stable |
| INE774D08ME8 | 6 June 2016 | 8.80# | 6 June 2023 | INR13.64 | IND AAA/Stable |
| INE774D08MF5 | 6 June 2016 | 8.80# | 6 June 2026 | INR2.5 | IND AAA/Stable |
| INE774D08MG3 | 6 June 2016 | 9.00# | 6 June 2026 | INR269.59 | IND AAA/Stable |
| INE774D08MH1 | 24 July 2017 | 7.75 | 24 July 2024 | INR500.00 | IND AAA/Stable |
| INE774D08MI9 | 24 July 2017 | 7.85 | 24 July 2024 | INR93.22 | IND AAA/Stable |
| INE774D08MJ7 | 24 July 2017 | 7.90 | 24 July 2027 | INR2.20 | IND AAA/Stable |
| INE774D08MK5 | 24 July 2017 | 8.00 | 24 July 2027 | INR4,470.25 | IND AAA/Stable |
| INE774D08ML3 | 24 July 2017 | 7.95 | 24 July 2032 | INR11.20 | IND AAA/Stable |
| INE774D08MM1 | 24 July 2017 | 8.05 | 24 July 2032 | INR6,428.44 | IND AAA/Stable |
| | **Utilised** | | | **INR21,505** | |

| ISIN | Date of Issuance | Coupon (%) | Maturity Date | Rated Amount (INR million) | Rating/Outlook |
|---|---|---|---|---|---|
| | **Unutilised** | | | **INR13,842** | |
| | **Total** | | | **INR35,347** | |

## COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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## Applicable Criteria

Financial Institutions Rating Criteria
Non-Bank Finance Companies Criteria

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## ANNEXURE C

## CONSENT LETTER FROM DEBENTURE TRUSTEE

AXIS TRUSTEE

**ATSL/CO/18-19/0125**
October 31, 2018

To
**Mahindra & Mahindra Financial Services Limited**
"Mahindra Towers" Fourth Floor,
Dr.G M Bhosale Marg,
Worli, Mumbai - 400018

**Kind Attention: Mr. Swapnil Dahasahasra**

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") arregating upto Rs. 10,000 Crores including Secured /Unsecured / Subordinated non-convertible debentures ("NCDs") by Mahindra & Mahindra Financial Services Limited ("Company")**

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue pursuant to Regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Shelf Prospectus / Tranche Prospectus(es) to be filed with the Registrar of Companies, Maharashtra, Mumbai ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and in all related advertisements and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue. The following details with respect to us may be disclosed:

| | |
|---|---|
| Name | Axis Trustee Services Limited |
| Address | The Ruby, 2nd Floor, SW 29 Senapati Bapat Marg, Dadar West, Mumbai - 400028 |
| Telephone Number | 022-62300451 |
| Fax Number | 022 – 62300700 |
| E-mail ID | debenturetrustee@axistrustee.com |
| Website | www.axistrustee.com |
| Contact person | Ms. Krishna Kumari |
| Investor Grievance e-mail | debenturetrustee@axistrustee.com |
| SEBI Registration No. | IND000000494 |

We confirm that we are registered with the SEBI and that such registration is valid as on date of this letter. We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format as enclosed in **Annexure A**. We also certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues. We also authorize you to deliver a copy of this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory authority as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the company in the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Company.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustees is purely its business decision and not an indication on the Issuer Company's standing or on the Debenture Issue. By consenting to act as Debenture Trustees, ATSL does not make nor deems to have made any representation on the Issuer Company, its Operations, the details and projections about the Issuer Company or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer Company, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014.

Sincerely,
For **Axis Trustee Services Limited**

**Mangalagowri Bhat**
**Senior Manager**

AXIS TRUSTEE

**ANNEXURE – A**

**October 31, 2018**

**Mahindra & Mahindra Financial Services Limited**
"Mahindra Towers" Fourth Floor,
Dr.G M Bhosale Marg,
Worli, Mumbai - 400018

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") arregating upto Rs. 10,000 Crores including Secured /Unsecured / Subordinated non-convertible debentures ("NCDs") by Mahindra & Mahindra Financial Services Limited ("Company")**

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

| S. No. | Particulars | Details |
|---|---|---|
| 1. | Registration Number | IND000000494 |
| 2. | Date of registration/ date of last renewal of registration/ date of application for renewal of registration | 31st January, 2014 |
| 3. | Date of expiry of registration | Permanent |
| 4. | Details of any communication from SEBI prohibiting from acting as an intermediary | NIL |
| 5. | Details of any pending inquiry/ investigation being conducted by SEBI | Show cause notice dated September 06, 2018 issued by SEBI under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 |
| 6. | Details of any penalty imposed by SEBI | Adjudication Order No. EAD/PM-AA/AO/17/2018-19 dated July 11, 2018 issued by SEBI under Section 15-I of Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 |

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Non-convertible Debentures on the Stock Exchanges.

Sincerely
For **Axis Trustee Services Limited**

K. Krishna Kumari

**Krishna Kumari**
**Compliance Officer**