Mahindra FINANCE

Mahindra & Mahindra Financial Services Ltd.
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018 India

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28th July, 2017

The General Manager-Department of
Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code : 532720

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Code : M&MFIN

Dear Sir,

Sub: Annual Report for the Financial Year 2016-17

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report for the year ended 31st March, 2017, approved and adopted by the Members at the 27th Annual General Meeting of the Company held on 24th July, 2017.

The Annual Report is also available on the Company's website at the link:
http://www.mahindrafinance.com/annual-reports.aspx

Please take the same on record.

Thanking you,

Yours Faithfully,
For Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Encl: a/a

Mahindra & Mahindra Financial Services Limited * Mumbai

Annual Report
2016-17

RURAL RESURGENCE



Mahindra FINANCE

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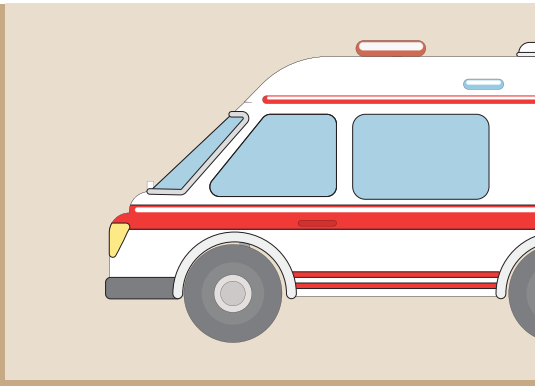
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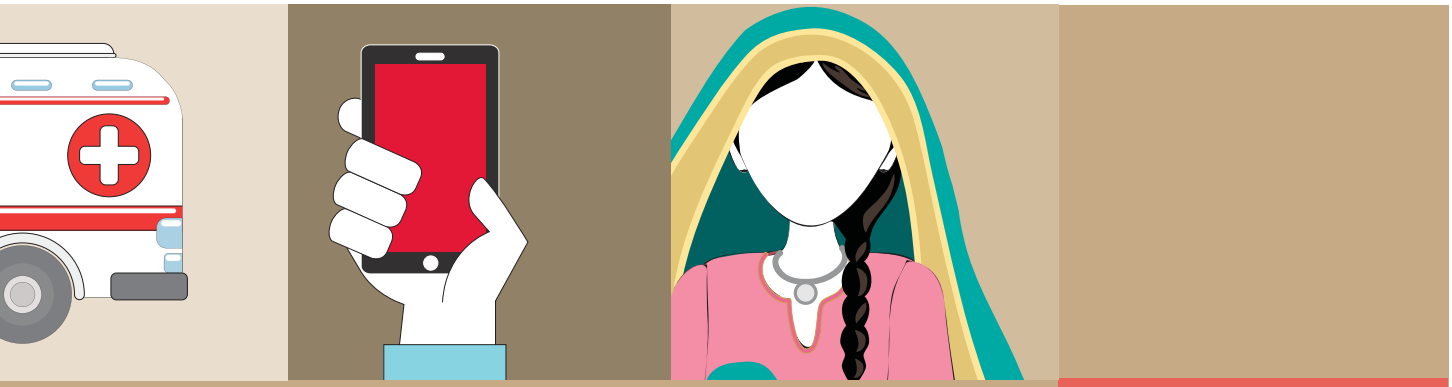
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View this annual report online
www.mahindrafinance.com



A momentous opportunity to serve resurgent rural India

Rural India is expected to lead the next phase of growth in the country. Budgetary fillips, in particular higher farm credit and interest subvention, have energised both the macro and micro drivers of rural growth and development.



Revamp of rural infrastructure aided by government funding is also expected to boost growth. Other initiatives such as 100% electrification of Indian villages, gainful employment during non-harvest periods under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), and affordable housing, are all set to herald rural resurgence. Most importantly, a burgeoning rural economy will channel newer, non-farm sources of income, which would help in reducing the volatility in rural cash flows.

At Mahindra Finance, our two-decade plus presence in rural and semi-urban India, enables us to feel and understand the pulse of this vast geography. Today, we are witnessing signs of a resurgence that would be unleashed in rural India in the near future. With a diversified and bigger basket of service offerings, Mahindra Finance is set to capture the potential of this re-energised market.

As an acknowledgement of this great revival, we dedicate our annual report of this year to the theme of a

resurgent rural India.

About Mahindra Finance



Mahindra and Mahindra Financial Services (MMFS) is a subsidiary of the Indian conglomerate Mahindra & Mahindra (M&M). It is a leading Non-Banking Financial Company (NBFC) which serves the financing needs of the growing population residing in rural and semi-urban areas of India.

We provide a range of retail products and services, such as financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipments, SME Financing, and many other financial products.

We also undertake Mutual Fund Distribution, accept Fixed Deposits and provide customised Personal Loans to our customers in semi-urban and rural India. Our subsidiary, Mahindra Insurance Brokers Limited, is in the business of distributing life and non-life insurance products through tie-ups with the various leading insurance companies. Through Mahindra Rural Housing Finance Limited, we provide loans for home construction, extension, purchase and improvement to of customers in rural and semi-urban India. Through Mahindra Mutual Fund, we offer a variety of mutual fund schemes targeting prospective investors in rural and semi-urban India.

Rs. 46,776 cr
Asset Under Management

17.2%
Capital Adequacy Ratio

Rs. 31,659 cr
Total loan disbursed

18.5% ↑
Total loan disbursed in 2016-17



Vision

To be a leading financial services provider in semi-urban and rural India.

Mission

To transform rural lives and drive positive change in the communities.

Core values

- Professionalism
- Good Corporate Citizenship
- Customer First
- Quality Focus
- Dignity of the Individual



Core purpose

We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise.

Brand pillars

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change

Product Portfolio

Our product portfolio comprises



Personal Loans

- Wedding
- Children's Education
- Medical Treatment
- Working Capital

Vehicle Financing

- Auto and Utility Vehicles
- Tractors
- Cars
- Commercial Vehicles
- Construction Equipment

Pre-Owned Vehicle Financing

- Cars
- Multi-utility Vehicles
- Tractors
- Commercial Vehicles

Insurance Broking*

- Retail Customers
- Corporates

* Through our subsidiary Mahindra Insurance Brokers Limited

SME Financing

- Project Finance
- Equipment Finance
- Working Capital Finance

Housing Finance*

- New House
- House Renovation and Improvements

*Through our subsidiary Mahindra Rural Housing Finance Limited

Investments and Advisory

- Investment Products
  – Fixed Deposits
- Advisory Services
  – Investment planning (under the brand Mahindra Finance Finsmart)

Mutual Fund Schemes*

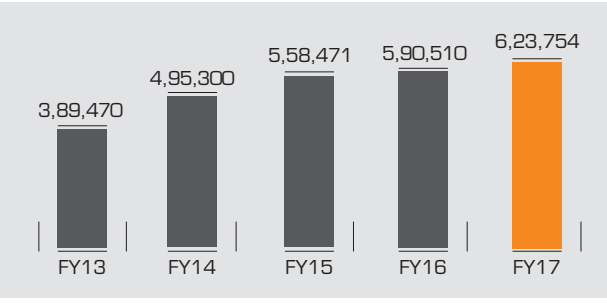
- Liquid Scheme
- Equity Linked Saving Scheme (ELSS)
- Equity Oriented Balanced Scheme
- Short Term Debt Scheme

*Through Mahindra Mutual Fund, managed by our subsidiary Mahindra Asset Management Company Pvt Ltd.

Financial Highlights

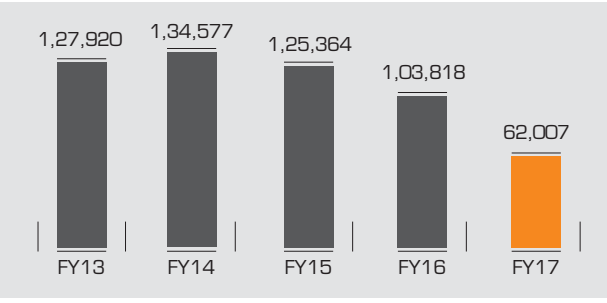
Total Income

(₹ in Lakhs)



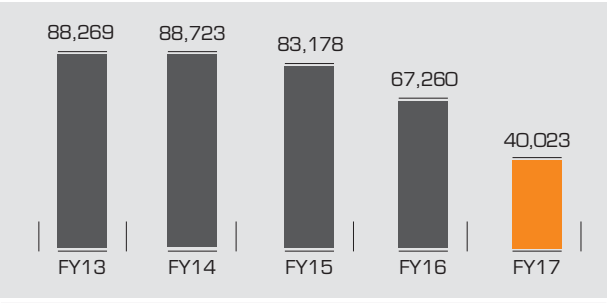
Profit Before Tax

(₹ in Lakhs)



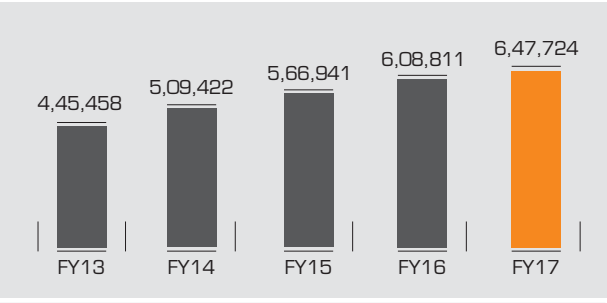
Profit After Tax

(₹ in Lakhs)



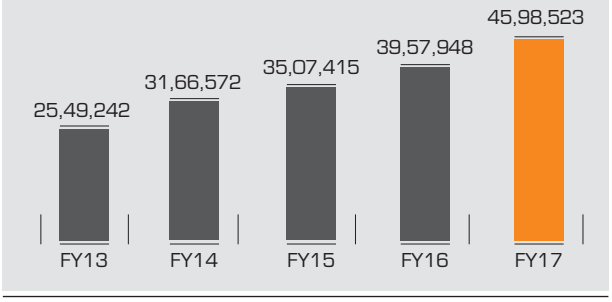
Net Worth

(₹ in Lakhs)



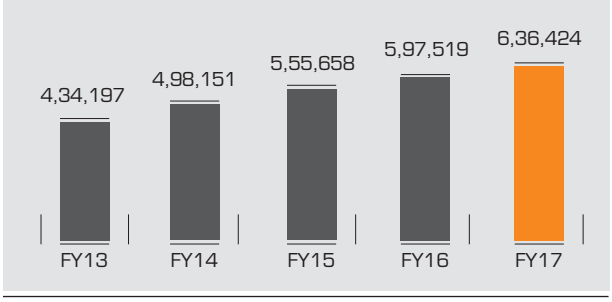
Total Assets

(₹ in Lakhs)



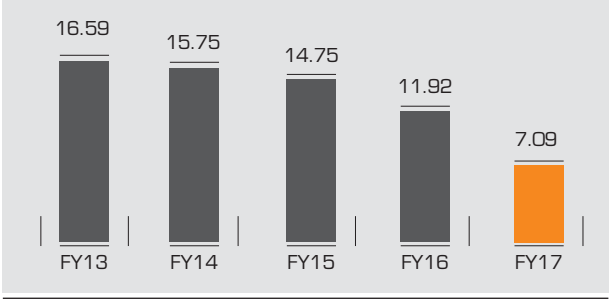
Reserve & Surplus

(₹ in Lakhs)



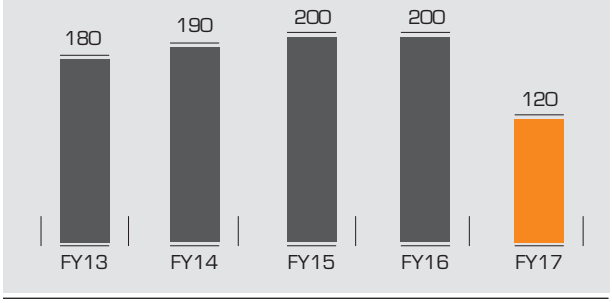
EPS (Basic)

(₹)



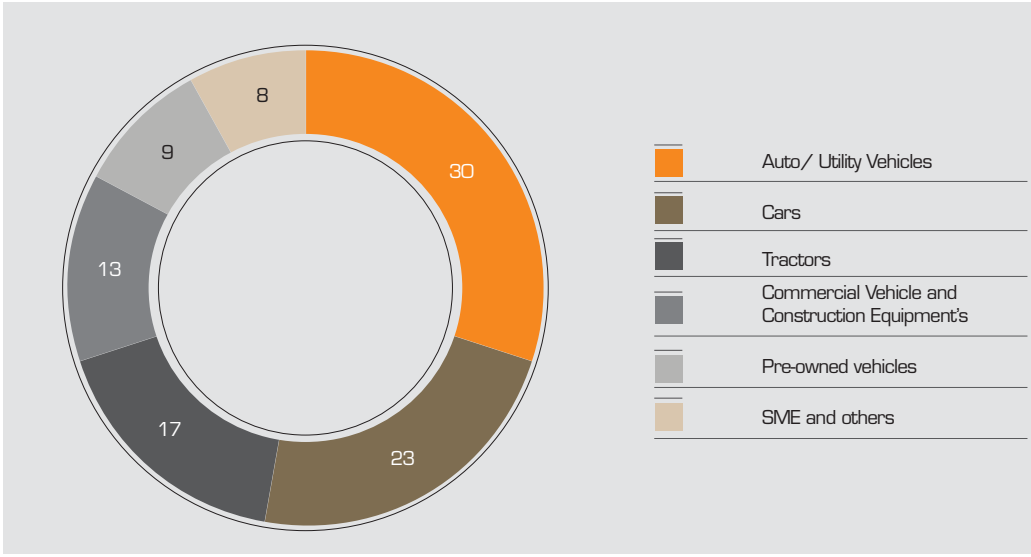
Dividend

(%)



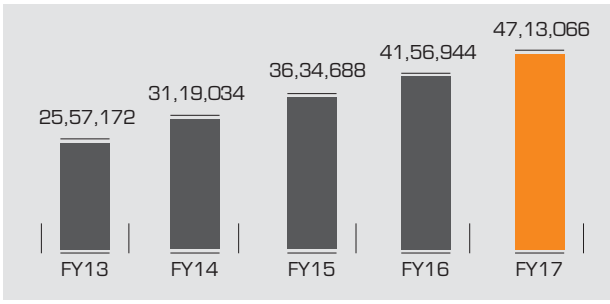
AUM - Asset Class

(%)

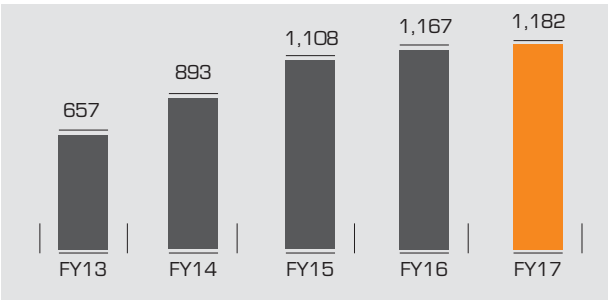


OPERATIONAL HIGHLIGHTS

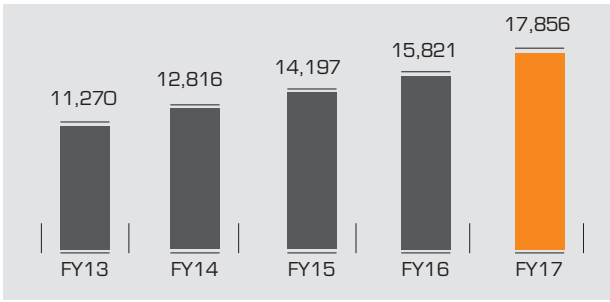
Number of Contracts



Number of Offices

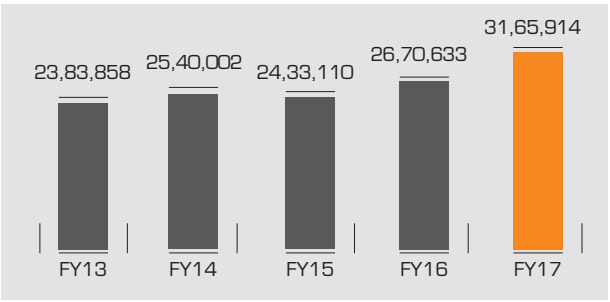


Number of Employees Engaged



Estimated Value of Assets Financed

(₹ in Lakhs)

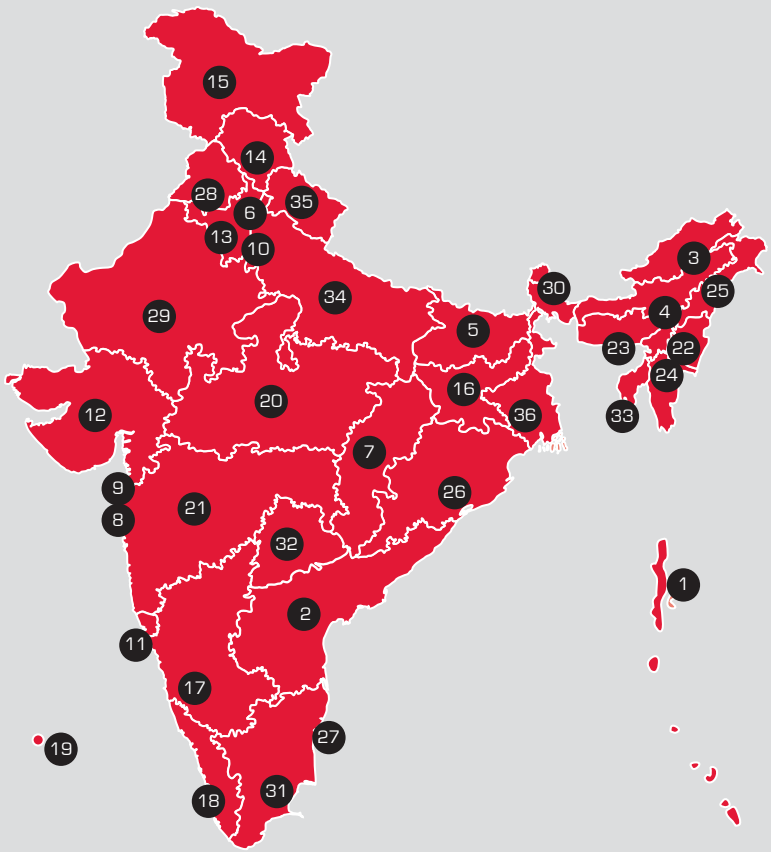


Group Structure



Geographic Presence

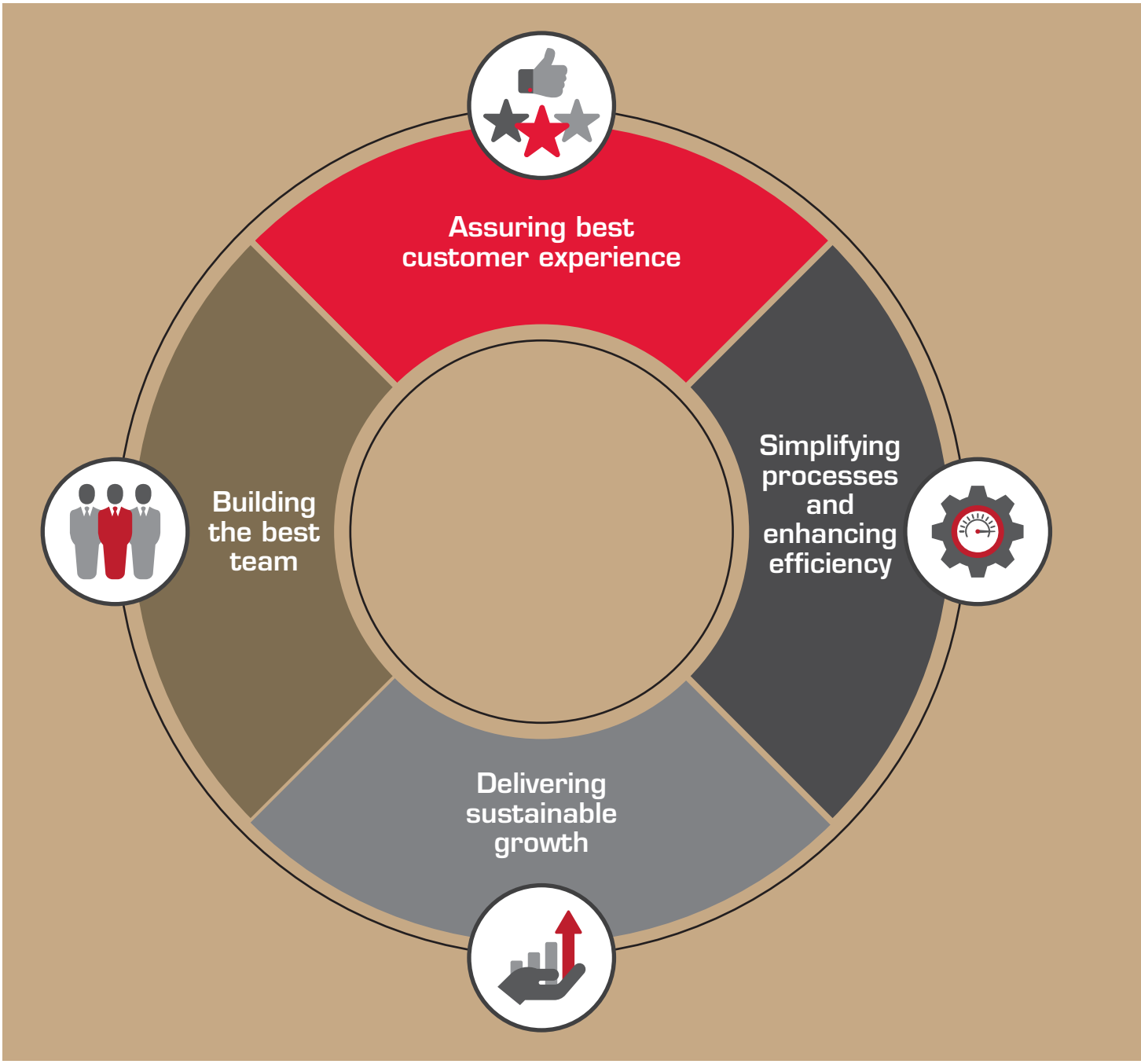
Presence in villages across India



Note: Numbers in the map above correspond to the name of the respective state in the table.

	States	No of Villages MF Presence
1	Andaman & Nicobar Islands	317
2	Andhra Pradesh	11380
3	Arunachal Pradesh	193
4	Assam	5029
5	Bihar	26883
6	Chandigarh	22
7	Chhattisgarh	11990
8	Dadra & Nagar Haveli	68
9	Daman and Diu	25
10	Delhi	265
11	Goa	18
12	Gujarat	14382
13	Haryana	5836
14	Himachal Pradesh	7427
15	Jammu and Kashmir	2125
16	Jharkhand	10114
17	Karnataka	17700
18	Kerala	1642
19	Lakshadweep	2
20	Madhya Pradesh	32313
21	Maharashtra	25282
22	Manipur	3
23	Meghalaya	1417
24	Mizoram	120
25	Nagaland	2
26	Odisha	15631
27	Puducherry	87
28	Punjab	8133
29	Rajasthan	23811
30	Sikkim	325
31	Tamil Nadu	11996
32	Telangana	9269
33	Tripura	511
34	Uttar Pradesh	50896
35	Uttarachal	3562
36	West Bengal	20633
	GRAND TOTAL	319409

Our Strategic Priorities





We are focused on offering the best customer experience with our multi-brand, multi-channel approach, balancing digital capabilities with personalised services. We are transforming our presence, provide simple, seamless interaction across multiple platforms while ensuring wide customer reach through our pan India network.

Initiatives

- Seamless multi-channel distribution points
- Custom made approach
- Commitment to higher standards of service

Expected Outcomes

- Improved customer experience through enhanced and diversified product offering
- Improved access
- Improvement in customer satisfaction and lower complaints



We are building operational capability which is user-friendly and more efficient than today through technology enhancement and integration. We are becoming more responsive to changing customer expectations while maintaining our cost leadership. This cost leadership enables us to provide increased value to our customers and competitive pricing.

Initiatives

- Re-engineer and simplify processes to deliver efficiently
- Increased investment in technology

Expected Outcomes

- Increased automation
- Resilient systems and processes
- Attainment of cost leadership



As the rural economy continues to grow, we aim to leverage opportunities with our prudent risk appetite. We are maintaining market leadership in our businesses, making the most of our diversified portfolio whilst also focusing on areas where we can grow.

Initiatives

- Maintain market leading position in key business lines
- Leverage strengths to capture growth in new markets

Expected Outcomes

Improved coverage to vast number of Indian rural villages



People are our prime assets in helping us realise our strategy. We are committed to building a business which our people are proud to work for. We do this by creating an enabling environment for them to succeed, providing them with the right skills and empowering them.

Initiatives

- Create a great place to work that is focused on the customer needs
- Build a high performance organisation
- Build an inclusive workplace with a diverse workforce

Expected Outcomes

- Collaborative working environment that enables people to work together for the benefit of customers
- An environment which supports agile working, a customer-centric mind-set and a culture of learning and development

Opportunity Landscape

Approximately 70% of India's population lives in rural areas and accounts for nearly more than half of Indian consumption. The attractiveness of rural India has further increased due to recent efforts of Indian government towards inclusive growth. The Government's goal to create the JAM (Jan Dhan, Aadhaar and Mobile) ecosystem is further going to change the rural landscape in India.

Rural Development given priority in Union Budget 2016-17

The government provided a major thrust to the development of rural economy by enhancing credit allocation for agriculture, crop insurance and irrigation.

Allocation for rural sector for 2017-18 is Rs. 1,87,200 cr, which is a record, and represents an increase of 24%	100% village electrification will be achieved by May 1, 2018	Pradhan Mantri Awas Yojana allocation raised from Rs. 15,000 cr to Rs. 23,000 cr
Allocation under MNREGA increased from Rs. 38,500 cr to Rs. 48,000 cr	1,00,00,000 houses by 2019 for houseless and those living in kaccha houses	Pradhan Mantri Gram Sadak Yojna roads work accelerated to 133 km roads per day in 2016-17 against 73 km per day during 2011-14
Participation of women in MNREGA increased to 55%	Cabinet approves extension of tenure of loans under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana from 15 to 20 years	

The cash flow of rural India has been rising continuously due to

Enhanced Government support	Rising social sector spending	Rising aspiration due to increased awareness in rural India and improved infrastructure
Engaging rural population in productive employment	Innovative use of technology leading to increase in farm output	Improved literacy coupled with increased financial awareness among rural population

Budgetary Allocation to the Department of Rural Development (Rs. cr)

Head	Actual 2015-16	Revised 2016-17	Budgeted 2017-18	% change (RE/BE)
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	37,341	47,499	48,000	1%
Pradhan Mantri Awas Yojana Gramin (PMAY-G)	10,116	16,000	23,000	44%
Pradhan Mantri Gram Sadak Yojana (PMGSY)	18,290	19,000	19,000	0%
National Social Assistance Programmer (NSAP)	8,616	9,500	9,500	0%
National Rural Livelihoods Mission (NRLM)	2,514	3,000	4,500	50%
Rurban Mission	32	300	1,000	233%
Others	460	761	447	-41%
Total	**77,369**	**96,060**	**1,05,447**	**10%**

Source: Demands for Grants 2017-18, Department of Rural Development, Ministry of Rural Development, PRS

Further, government spending in rural India coupled with pick-up in infra activities should improve non-agri income for farmers. Apart from these, a series of measures such as transparent procurement system, increasing area under irrigation, comprehensive crop insurance scheme, improved market access and better road connectivity has been initiated. All these positive factors would help in boosting productivity in rural India leading to improved socio-economic well-being.

Over seven decades of our Group's presence in semi-urban and rural India has helped us to understand the exact requirements of our customers. Our effort has been to provide a range of tailor-made financial products and services to our customers through our nationwide distribution network. Our multiple businesses are a manifestation of the growing needs of the semi urban and rural India.

Trust is our biggest earning



Mahindra Finance's credit rating and strong brand equity enables it to borrow funds at competitive rates.

Mahindra Finance has a sound track record of over 20 years. It is a dividend paying company since inception. For the past 7 years the company has been rated FAAA for its Fixed Deposit programme by CRISIL. AAA rating signifies the highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. .

Due to the Mahindra brand and AAA rating we are able to source funds at attractive interest rates. Also, many lending institutions are able to take higher exposure towards our company.

This helps in not only reducing the interest burden but also providing us with adequate liquidity. Even in case of unexpected demand for funds or higher requirement during the festival season, we are able to arrange funds at a very short notice.



Funding Mix by Investor Profile (March 31, 2017)

INVESTOR TYPE	(Rs. in cr)	% share
Banks	16,371	46
Mutual Fund	7,508	21
Insurance and Pension Funds	2,765	8
FIIs and Corporates	4,290	12
Others	4,557	13
Total	**35,491**	**100**

Helping rural India go cashless



Mahindra Finance has been at the forefront of technology adoption and intervention, producing solutions that improve customer experience.

Demonetisation offered us an opportunity to drive cashless payments in rural India. We offer our customers with different modes to pay their dues such as acceptance of debit card, RTGS remittance, online payments etc. The different modes of cashless payments enabled the customers to pay their dues regularly in spite of low availability of currency notes of higher denomination.

As rural India integrates with India, it will inevitably embrace the culture of digital payments in the coming time. It is expected that the aspirational rural youth will mirror the behaviour of the urban youth in view of the growing literacy and financial awareness. Accordingly this would lead to a much faster digital adoption in the country.

We are in the process of linking all our loan accounts with Aadhaar, and also make it a mandatory KYC document. This will streamline the authentication process and make loan approval faster, safer and simpler. Going forward, we intend to enter into strategic partnerships with banks, and other financial players.

Mahindra Finance is focused on retaining its leadership by offering its customers various means of digital payment options.



Changing markets, Stable relationships



Our ability to create long-term sustainable relationships with our customer's is at the heart of our success.

The Government intends to create millions of jobs through its 'Make in India' initiative. Government's focus and support for these initiatives encourages many people towards becoming entrepreneurs triggering a huge demand for MSME loans. This segment seems to have a massive potential in the near future and provides Mahindra Finance with an opportunity to successfully reach a wider spectrum of people and partner in the country's future growth.

INFUSING CUSTOMER CENTRICITY

We understand customer needs, and deliver unique solutions as per their expectations. We strengthen customer engagement by being closer to people, understanding their requirements to improve our products and services. We appreciate local cultures and help realise our customers' aspirations which enable us to become their trusted advisors. We are preferred partners of leading national and global OEMs. We are associated with over 15,000 dealers enjoying a preferred status. Multiple products and deep insight of the customer enables us to cross-sell our products.

STRENGTHENING PRESENCE

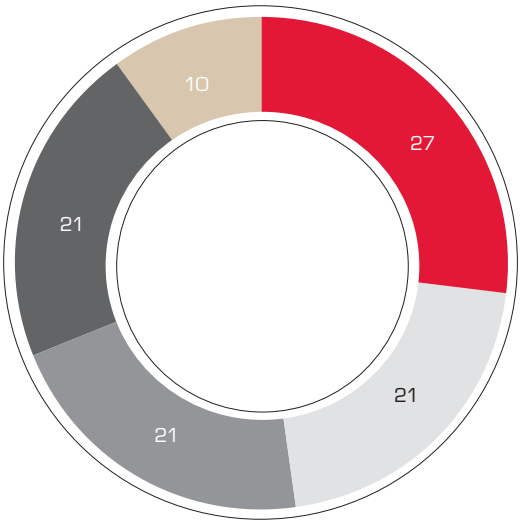
Our presence of over two decades in rural markets has enabled us to service a large customer base at their door step and helping us to achieve a dominant leadership in rural India. Through our network we cater to nearly a third of all Indian villages.

4.71 million

Customer base

Loan Assets by Geography (as on March 31, 2017)

(%)





Making the Company future-ready

We intend to play a crucial role in the transformation of rural India by helping people realise their aspirations.



Mahindra Finance is committed to sustainable and profitable growth that benefits its different stakeholders by diversifying into multiple asset classes. In order to meet the unique needs of rural customers, we train our employees in understanding the nuances of various asset classes and the know how to structure the products to meet the customer's requirement. Our business model continues to emphasise on empowerment and decentralisation.

Mahindra Finance's product portfolio is built around innovation and agility to meet changing market needs. With a surge in rural demand, and its dynamics also changing fast, a nimble-footed, predictive portfolio strategy is the need of the hour, one that steps out of conventional lending paradigms and embraces emerging newer demands.

In this context, young rural borrowers are a model for us, and understanding their monetary needs, is our priority. This customer profile symbolises rural entrepreneurship. Accordingly, rural lending will have to extend to activities such as small trade, hyper-local stores, dealership of rural products, private transport aggregators, even rural e-commerce ventures. Beyond this canvas, we are also looking at financing electric vehicles and utilities, since they offer excellent growth opportunities under the green theme.

As rural incomes rise, so will the aspirations of rural people, for a happier, healthier and more secure life. To align our offerings with their emerging needs, we have decided to focus on healthcare, education and SME as our thrust areas. Small towns and villages across India are full of promise. We are expected to play a greater role by evolving into a full-fledged rural financial services provider.



People Edge

Our employees are key to our success and we want to attract, develop and retain the very best people to deliver outstanding results. By providing with a workplace that is supportive, safe and enjoying we are able to inspire our employees for higher level of performance and remain motivated.

STRENGTHEN TALENT PIPELINE

To facilitate quicker business decisions we have designed a flat organisation structure with limited hierarchies. We also believe in empowering our frontline executives to take decisions which balance the interest of customers and the organisation.

DEVELOPING TALENT

We offer state-of-the art training in number of different formats including class room training, on the job, online training and personalised coaching. The key intent is to develop strong and effective leaders who will lead, motivate and mentor their team members to achieve high performance.

RETAINING TALENT

Our performance management system enables us to identify talented employees who have the potential to be one of our future leaders. With increased employee engagement we aim to achieve enhanced productivity and better employee retention. We engage with our employees in a number of ways to facilitate constant communication through various channels like, intranet, email, videos and face-to-face conversations.

17,856

Team members as on March 31, 2017





Awards and Recognitions





Conscious Capitalist for the Year Award for the stellar role in promoting sustainable and transformational business practices, at the Forbes India Leadership Awards (FILA) 2016.

India's Most Ethical Companies Award in the category of Ethical Companies in the Financial Services Sector. The Award was supported by "Indira – Shree Chanakya Education Society" and endorsed by "World CSR Day", "World Federation CSR Professionals" and "Asia Confederation of Businesses."

Won the CNBC Asia's Corporate Social Responsibility Award.

Ranked 68th in Top 100 India's Best Companies To Work For 2016, ranked 5th in the Financial Services Sector and ranked 3rd in Workplace Transformation Case Study, by the Great Place to Work Institute in collaboration with the Economic Times.

Listed in Dow Jones Sustainability Index for the 4th year in a row, being the only Indian Company from the Diversified Financial Services Sector to get selected in this list.

Recognised as "Best Overall Excellence in CSR" by National Awards for Excellence in CSR & Sustainability.

Included in 'The Sustainability Yearbook 2017' released by RobecoSAM, being the only Financial Company amongst NBFCs and Banks in India to be included.

Recognised with significant achievement in HR Excellence at the 7th CII HR Excellence Award.

Corporate Social Responsibility

Mahindra Finance's CSR policy is both community and environment-based. Various programmes implemented under this policy aim at holistic and inclusive welfare of beneficiaries. The Company actively pursues initiatives in areas as diverse as health, community welfare, education, employment and livelihood generation, financial literacy, afforestation, and rural development.

MAHINDRA FINANCE SCHOLARSHIP

Scholarships were provided to 3,000 meritorious graduate and post-graduate students from economically disadvantaged sections.

NANHI KALI

It is an effort to provide educational support to underprivileged girls from semi-urban and remote rural areas across India.



PROJECT HUNNAR – VOCATIONAL TRAINING

Through Hire-Train-Deploy (HTD) Model, we conducted vocational training programme for 519 rural educated youth to make them employable.

MAHINDRA PRIDE SCHOOL

It is a livelihood training programme providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged sections.



HEALTHCARE EQUIPMENT DONATION

The project aims at increasing access to healthcare by offering quality services through a well-equipped facility. Over 1,50,000 urban and rural women are receiving free and affordable preventive care, gynaecological and diagnostic services.

PROJECT HUNNAR – DRIVERS TRAINING FOR WOMEN

We empower underprivileged women and provide them with opportunities to become professional and commercial drivers. This is an important step toward women empowerment, and has enable these ladies to live a dignified life.



FINANCIAL LITERACY

We distributed 5,000 financial literacy kits to school students to inculcate the habit of saving from childhood and GO CASHLESS campaign was implemented with the aim to educate individuals on various cashless methods of transaction.

SWACHH BHARAT

We are supporting the Prime Minister's 'Swachh Bharat' campaign by conducting various activities related to sanitation and hygiene in semi-urban and rural areas.



AMBULANCE DONATION

Mahindra Finance has donated ambulances in tribal and rural areas, which will enable people living in remote areas to access medical care expeditiously.

MAHINDRA HARIYALI

It is an afforestation initiative, under which we planted over 1,00,000 saplings across India.



BLOOD DONATION

We celebrated the Financial Service Sector (FSS) CSR Day on M&M Founder's Day by organising a blood donation drive across India.

RURAL DEVELOPMENT

We support small and marginal farmers by training them in modern farm practices, thereby increasing crop productivity.



Awards as Rewards

Our CSR initiatives have been recognised with the following awards:

CNBC Asia's Corporate Social Responsibility Award: During the 12th India Business Leadership Award, Mahindra Finance received the CNBC Asia's Corporate Social Responsibility Award.

IDF CSR Award: We received an award by Indian Development Foundation (IDF) for excellent participation in Resource Mobilization for Humanitarian Projects.

SKOCH Order of Merit: We received the SKOCH Order of Merit for Top 100 best Corporate Social Responsibility projects in India.

National Award for Excellence: Mahindra Finance was honoured by the National Award for Excellence in CSR & Sustainability for Best Overall Excellence in CSR.

Board of Directors



Mr. Dhananjay Mungale
Chairman and Independent Director



Mr. M. G. Bhide
Independent Director



Mr. Piyush Mankad
Independent Director



Mr. C. B. Bhave
Independent Director



Ms. Rama Bijapurkar
Independent Director



Mr. V. S. Parthasarathy
Director



Dr. Anish Shah
Director



Mr. Ramesh Iyer
Vice-Chairman & Managing Director



Mr. V. Ravi
Executive Director & Chief Financial Officer

Corporate Information

Directors
Dhananjay Mungale (Chairman)
M. G. Bhide
Piyush Mankad
C. B. Bhave
Rama Bijapurkar
V. S. Parthasarathy
Dr. Anish Shah
Ramesh Iyer (Vice-Chairman & Managing Director)
V. Ravi (Executive Director & Chief Financial Officer)

Company Secretary
Arnavaz M. Pardiwala

Registered Office
Gateway Building,
Apollo Bunder,
Mumbai - 400 001.
CIN: L65921MH1991PLC059642
Website: www.mahindrafinance.com
E-mail: investorhelpline_mmfsl@mahindra.com

Corporate Office
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

Committees of the Board
Audit Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
M. G. Bhide
Piyush Mankad
Rama Bijapurkar
V. S. Parthasarathy
Dr. Anish Shah

Nomination and Remuneration Committee
Piyush Mankad (Chairman)
M. G. Bhide
Dhananjay Mungale
C. B. Bhave

Stakeholders Relationship Committee
Rama Bijapurkar (Chairperson)
M. G. Bhide
Ramesh Iyer
V. Ravi

Asset Liability Committee
M. G. Bhide (Chairman)
Dhananjay Mungale
V. S. Parthasarathy
Ramesh Iyer
V. Ravi

Risk Management Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
M. G. Bhide
Piyush Mankad
Rama Bijapurkar
V. S. Parthasarathy

Corporate Social Responsibility Committee
Piyush Mankad (Chairman)
Ramesh Iyer
V. Ravi
Dr. Anish Shah

Committee for Strategic Investments (formerly known as Strategy Committee for Acquisitions)
M. G. Bhide
Dhananjay Mungale
V. S. Parthasarathy
Dr. Anish Shah

Auditors
B. K. Khare & Co.
Chartered Accountants,
706/708, Sharda Chambers,
New Marine Lines,
Mumbai - 400 020.

Solicitors
Khaitan & Co.
One Indiabulls Centre, 13th Floor,
841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai - 400 013.

Debenture Trustee
Axis Trustee Services Limited
Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 025.
Ph: 022 6226 0074/75
Fax: 022 4325 3000
E-mail: debenturetrustee@axistrustee.com

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
Karvy Selenium, Tower B,
Plot Number 31 & 32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032.
Tel.: + 91 40 67162222
Fax: + 91 40 23001153
Website: www.karvy.com
E-mail: support@karvy.com
einward.ris@karvy.com

Bankers
Allahabad Bank
Axis Bank
Bank of America
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Citibank N.A.
Corporation Bank
Development Bank of Singapore
Dena Bank
Federal Bank
FirstRand Bank
HDFC Bank
The Hongkong and Shanghai Banking Corporation Limited
ICICI Bank
IDBI Bank
Indian Bank
IndusInd Bank
Kotak Mahindra Bank
Oriental Bank of Commerce
Punjab and Sind Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
Syndicate Bank
The Bank of Novascotia
UCO Bank
Union Bank of India
United Overseas Bank
Vijaya Bank
Yes Bank

Summary of Results

(Rupees in Lakhs unless indicated otherwise)

Sr. No.	Particulars	F- 2017	F- 2016	F- 2015	F- 2014	F- 2013	F- 2012	F- 2011	F- 2010	F- 2009	F- 2008
1	Estimated Value of Assets Financed	3165914	2670633	2433110	2540002	2383858	1950433	1441987	891536	628122	584972
2	No. of Contracts	4713066	4156944	3634688	3119034	2557172	2024038	1557622	1189848	973493	815665
3	Total Assets	4598523	3957948	3507415	3166572	2549242	1856156	1368297	942578	775898	723857
4	Total Income	623754	590510	558471	495300	389470	279459	197751	155026	137787	121827
5	Profit before depreciation & tax	66609	107907	129516	137006	130144	94482	71824	53047	33435	28070
6	Depreciation	4602	4089	4152	2430	2224	1956	1579	990	873	873
7	Profit before tax	62007	103818	125364	134577	127920	92526	70245	52057	32562	27197
8	Profit after tax	40023	67260	83178	88723	88269	62012	46311	34271	21452	17702
9	Dividend %	120	200	200	190	180	140	100	75	55	45
10	Equity Share Capital	11301	11292	11283	11271	11260	10269	10245	9598	9571	9529
11	Reserves & Surplus	636424	597519	555658	498151	434197	284832	238764	163258	137345	121898
12	Net Worth	647724	608811	566941	509422	445458	295101	249009	172856	146916	131426
13	No. of Employees Engaged	17856	15821	14197	12816	11270	9715	8723	6972	5981	5690
14	No. of Offices	1182	1167	1108	893	657	607	547	459	436	436
15	Earnings Per Share - Basic (Rs.) (Face value - Rs.2/- per share)	7.09	11.92	14.75	15.75	16.59	12.09	9.57	7.16	4.49	4.16
16	Earnings Per Share - Diluted (Rs.) (Face value - Rs.2/- per share)	7.04	11.83	14.62	15.60	16.40	11.93	8.91	7.07	4.43	3.65

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Board's Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Seventh Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2017.

The performance highlights and summarised financial results of the Company are given below:

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 9% to Rs. 7,200.7 Crores as compared to Rs. 6,597.5 Crores in 2015-16;
- Consolidated income from operations for the year was Rs. 7,146.2 Crores as compared to Rs. 6,553.9 Crores in 2015-16, a growth of 9%;
- Consolidated profit before tax for the year was Rs. 837.8 Crores as compared to Rs. 1,224.1 Crores in 2015-16;
- Consolidated profit after tax and minority interest for the year was Rs. 511.6 Crores as compared to Rs. 772.3 Crores in 2015-16.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2017	March 2016	March 2017	March 2016
Total Income	7,200.7	6,597.4	6,237.5	5,905.1
Less : Finance Costs	3,186.2	2,868.3	2,857.4	2,639.3
Expenditure	3,123.0	2,459.3	2,714.0	2,186.7
Depreciation/Amortisation	53.7	45.7	46.0	40.9
Total Expenses	6,362.9	5,373.3	5,617.4	4,866.9
Profit Before Tax	837.8	1,224.1	620.1	1,038.2
Less : Provision For Tax				
Current Tax	463.5	614.4	363.5	535.6
Deferred Tax	(155.4)	(177.7)	(143.6)	(170.0)
Profit After Tax for the Year before Minority Interest	529.7	787.4	400.2	672.6
Less : Minority Interest	18.1	15.1	-	-
Profit After Tax for the Year after Minority Interest	511.6	772.3	400.2	672.6
Add : Amount brought forward from Previous Years	3,017.9	2,245.6	2,240.5	2,040.9
Amount available for Appropriation	3,029.0	3,017.9	2,635.6	2,713.5
Appropriations				
General Reserve	40.0	67.2	40.0	67.2
Statutory Reserve	109.2	154.9	80.1	134.5
Debenture Redemption Reserve	26.5	-	26.5	-
Proposed Dividend on Equity Shares	-*	227.5	-*	227.5
Income-tax on Proposed Dividend	2.8	45.8	-	43.8
Surplus carried to Balance Sheet	2,850.5	2,522.5	2,489.0	2,240.5

* 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 30th March, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at 31st March, 2017. However, the proposed dividend was accounted for as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 40.0 Crores to the General Reserve, Rs. 80.1 Crores to the Statutory Reserve and Rs. 26.5 Crores to the Debenture Redemption Reserve. An amount of Rs. 2,489.0 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax will absorb a sum of Rs. 161.0 Crores [as against Rs. 271.3 Crores on account of dividend of Rs. 4 per Equity Share paid for the previous year].

DIVIDEND DISTRIBUTION POLICY

The Board of Directors of the Company at its Meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company, containing the requirements prescribed in Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is appended as **Annexure I** and forms part of this Annual Report.

The Dividend Distribution Policy can also be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

During the year, an amount of Rs. 2,54,886 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2009 was transferred in August, 2016 to the Investor Education and Protection Fund.

OPERATIONS

Rural demand continued to be sluggish in the early part of the year due to deficient monsoons in the previous two consecutive years coupled with lack of sufficient investment in infrastructure. However, the situation showed signs of impending revival with a good monsoon but faced a temporary slowdown in the third quarter due to demonetisation causing deceleration in the economic growth.

Being largely engaged in the semi-urban and rural areas of the country, many of the Company's customers earn their livelihood in cash. It is well known that over 40% of the rural population does not have a bank account and easy access to banking network as there are relatively fewer bank branches in these areas and they are few and far between. Hence most of the Company's customers prefer to repay their monthly installments in cash.

As per Gazette Notification dated 8th November, 2016 issued by the Government of India, announcing the discontinuance of Rs. 1,000 and Rs. 500 denominations of Bank Notes ("Specified Bank Notes") from 9th November, 2016 the demonetisation impact was severely felt in rural India substantially impacting business and collections of your Company. The effect of demonetisation stretched and continued almost till mid-February 2017 and the Company did see elevated levels of gross Non-Performing Assets. The effect of demonetisation was also felt severely in the sale of crops (even though the yields were good) resulting in low cash flows. Post mid-February 2017, there has been a significant improvement in the farm cash flows, which is a result of cash being released to farmers against their sale of crops to Mandis. The rural sentiments turned positive and the Company did see an improvement in its performance, both in sales as well as overall collections.

Your Company continued to offer a wide range of financial products and services to its customers during the year under review. Your Company was at the forefront of meeting the various lifecycle needs of its customers by consistently expanding its product offerings beyond vehicle financing. In order to effectively service its diversified product portfolio, the Company engages its employees with appropriate training programs.

Despite the challenging business environment, the overall disbursement registered a growth of 19% at Rs. 31,659.1 Crores as compared to Rs. 26,706.3 Crores in the previous year. Your Company was able to retain its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other Original Equipment Manufacturers (OEMs).

Your Company yet again consolidated its position as a leading financier for Maruti vehicles in semi-urban and rural India by financing over 1,00,000 vehicles during this fiscal and also successfully emerged as the preferred financier for Hyundai, Renault and Nissan range of vehicles.

Your Company strengthened its pan-India presence with a network of 1,182 offices, which is one of the largest amongst Non-Banking Financial Companies. In addition to these offices, your Company has set up over 180 smart branches at dealerships of OEMs and works closely with dealers and customers. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of

its customers by identifying and understanding the needs and aspirations of the people. Your Company continues to be focused in introducing technology based solutions and demonstrates effective use of its resources to enhance customer service and provide a range of financial solutions for a variety of needs. Your Company has earned the trust and confidence of its customers with its consistent, transparent and reliable services. With its strong presence covering even the most remote areas of the country, your Company is providing flexible financing opportunities to aspiring individuals to realise their dreams and helping them to 'RISE'.

Your Company has cumulatively financed over 4.7 million customers since its inception.

The Goods and Services Tax (GST), a single tax intended to replace the existing Central and State indirect taxes, is expected to be rolled-out from 1st July, 2017. The GST will have a short term volume impact as well as medium term margin impact on business and recoveries.

During the year under review, your Company continued to expand its reach in the Micro, Small and Medium Enterprises (MSME) segment. MSME Assets Under Management crossed more than Rs. 2,960 Crores during the period under review, covering 1,911 customers.

Total Income grew by 5.6% to Rs. 6,237.5 Crores for the year ended 31st March, 2017 as compared to Rs. 5,905.1 Crores for the previous year. Profit Before Tax (PBT) declined by 40.3% to Rs. 620.1 Crores as compared to Rs. 1,038.2 Crores for the previous year. Profit After Tax (PAT) declined by 40.5% to Rs. 400.2 Crores as compared to Rs. 672.6 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 46,776 Crores as at 31st March, 2017 as against Rs. 40,933 Crores as at 31st March, 2016, a growth of 14%.

There is no change in the nature of business of the Company during the year under review.

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 160 branches covering 23 States. As on 31st March, 2017, the amount of Assets Under Management outstanding through the Company's Advisory and Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,705.57 Crores and the number of clients stood at 53,785.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Report.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2017 was Rs. 113.75 Crores comprising of 56,87,64,960 Equity Shares of the face value of Rs. 2 each.

There was no change in Share Capital during the year under review.

The Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report, during the year under review.

As on 31st March, 2017, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 2,17,400 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 Scheme"). No new Options have been granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2005 ("2005 Scheme")

[hereinafter collectively referred to as "the Schemes"]. The Company does not have any scheme to fund its employees to purchase the shares of the Company. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Schemes of the Company are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there were no material changes made to the said Schemes. Messrs. B. K. Khare & Co., Statutory Auditors of the Company, have certified that the abovementioned Schemes have been implemented in accordance with the SBEB Regulations, and the Resolutions passed by the Members for the 2005 Scheme and the 2010 Scheme. The Certificate would be placed at the Annual General Meeting for inspection by Members.

Voting rights on the Shares issued to employees under the aforesaid Schemes are either exercised by them directly or through their appointed proxy.

The details of the Employees' Stock Options and the Company's Employees' Stock Option Trust as required under the SBEB Regulations read with SEBI Circular CIR/CFD/ POLICY CELL/2/2015 dated 16th June, 2015 have been uploaded on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**.

ECONOMY

Global

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand and inventories started contributing positively to growth (after five quarters of drag). Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union (Brexit). Activity surprised on the upside in Japan thanks to strong net exports, as well as in euro area countries, such as Germany and Spain, as a result of strong domestic demand. Economic performance across emerging markets and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained weak in fuel and non-fuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

World growth, estimated as in the October 2016 World Economic Outlook at 3.1% in 2016, is projected to increase to 3.5% in 2017 and 3.6% in 2018 - an upward revision of 0.1 percentage point for 2017 relative to October. Together with the modest change in the forecast for the overall global growth rate, projections of the strength of economic activity across country groups have also shifted. Economic activity in advanced economies as a group is now forecast to grow by 2.0% in 2017 and 2018, 0.2 percentage point higher than expected in October 2016. Growth in the group of emerging market and developing economies is forecast to rise to 4.5% and 4.8%, respectively, in 2017 and 2018, from an estimated outturn of 4.1% in 2016.

* Source IMF

Domestic

Economic activity has been losing momentum since second half of 2015-16 on a combination of structural and cyclical factors. On a year-on-year basis, this trajectory was dented further by the transient impact of demonetisation. Both private and government consumption demand have held up well against this slowdown, together accounting for 90% of real gross domestic product (GDP) growth in second half of 2016-17 on a weighted contribution basis. Investment demand, which had sunk into contraction in first-half, recovered from third quarter of 2016-17. Net exports have been growing strongly since third quarter of 2015-16. The same however turned negative with imports starting to expand at a higher pace than exports as domestic demand strengthened.

Headline inflation fell off its July cliff and was already traversing a declining trajectory during August to October when demonetisation hit in November. This took inflation down to 3.2%, the lowest in the history of India. In February, however, the drag from these transitory effects began to ebb and headline inflation edged up on a pickup in food and fuel price pressures. With the effects of demonetisation turning out to be short-lived and modest, discretionary consumer spending held back by demonetisation is expected to have picked up from Q4:2016-17 and will gather momentum over several quarters ahead. The recovery will also likely be aided by the reduction in banks' lending rates due to large inflows of current and savings accounts ("CASA") deposits, although the fuller transmission impact might be impeded by stressed balance sheets of banks and the tepid demand for bank credit.

The ebullient rebound in agricultural activity on the back of normal monsoon and record foodgrains production have boosted rural incomes and supported consumption. In contrast, the modest pick-up in industry in second half of 2016-17 and the slower growth in services suggests that investment demand is still sluggish.

Going forward, implementation of the Goods and Services Tax ("GST") and the measures taken in the Union Budget to boost the rural economy, infrastructure, micro, small and medium enterprises ("MSMEs") and low cost housing should help invigorate domestic demand. However, a sustained revival of investment holds the key to stepping up the pace of economic activity closer to its medium-term potential.

Finance

During the current year, the monetary policy framework ushered in amendments to the Reserve Bank of India Act, 1934 wherein the monetary policy decision is now vested in a six member monetary policy committee (MPC). Following its decision to lower the policy repo rate by 25 basis points (bps) at the time of the October 2016 Monetary Policy Report (MPR), the MPC decided to hold the policy rate in the December 2016 and February 2017 meetings of its bi-monthly schedule. The Reserve Bank of India (RBI) also changed in stance from accommodative to neutral in the bi-monthly monetary policy of February 2017.

Yields in the government securities (G-sec) market remained volatile in H2, induced by three major events. First, G-sec yields softened in October 2016 following the 25 bps policy repo rate cut by the RBI. Second, G-sec yields softened significantly after the announcement of demonetisation and the resultant surge of liquidity in the system.

The yield on the benchmark 10-year paper dropped from 6.80% on 8th November, 2016 to 6.19% on 24th November, 2016. Third, G-sec yields hardened in February 2017 and the yield curve steepened in response to the unexpected shift in the monetary policy stance of the RBI from accommodative to neutral.

During F.Y. 2016-17, the banks witnessed huge inflows post demonetisation, leading to reduction in their term deposit rates. With increasing deposits at lower rates, banks were able to reduce their Marginal Cost of Lending Rates (MCLR), which on an average declined by a cumulative 70 bps (range of 25 bps–148 bps) since November 2016. Your Company has also received benefit of the reduction in interest rate. While the new loans are borrowed on MCLR, your Company also plans to shift its existing bank rate borrowings to MCLR as well.

Private Placement Issues of Non-Convertible Debentures

During the year under review, your Company issued secured redeemable non-convertible debentures ("NCDs") aggregating to Rs. 6,903.20 Crores on a private placement basis, in one or more series/ tranches.

As specified in the respective offer documents, the funds raised from NCDs were utilised for the purpose of financing, repayment of dues of other financial institutions/Banks and for long term working capital.

Public Issuance of Non-Convertible Debentures

Your Company continues to broaden the liability mix by bringing in new instruments as well as diversifying the investor base and profile.

During the year under review, your Company successfully completed its maiden public issue of 1,00,00,000 Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000 each aggregating up to Rs. 1,000 Crores. The Issue was subscribed over 7 times of the Base Issue Size. This is an acknowledgment of the confidence reposed in your Company's Management by the investors and public at large and the strong credit profile of your Company over the years. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016.

The net proceeds received from the Public Issue were used for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company, long term working capital requirements, Issue expenses and for general corporate purposes. Details of the Issue and the end use were furnished to the Audit Committee.

The Company has been regular in making payments of principal and interest on the NCDs. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

Rupee Denominated Medium Term Note (MTN)

As a risk management measure diversification of its resources is one of the focus areas of the Company. To this end, your Company has filed an Offering Circular for establishment of a Rupee Denominated Medium Term Note (MTN) programme during the year under review. The programme is duly listed on the Singapore Exchange Securities Trading Limited.

Your Company plans to issue bonds under the MTN programme during the current year.

INVESTOR RELATIONS

During the year under review, your Company continued to engage with investors in multiple ways, including individual meetings, Telepresence meetings, structured conference-calls, participating in investor conferences and undertaking quarterly earnings calls. Your Company continues to interact with Indian and global investors and analysts in a number of investor meets organised by reputed

Global and Domestic Broking Houses, both in India and abroad, to communicate details of performance, important developments and exchange of information. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis.

Your Company ensures that critical information about the Company is available to all the investors by hosting all such information on the Company's website.

CAPITAL ADEQUACY

As on 31st March, 2017, the Capital to Risk Assets Ratio (CRAR) of your Company was 17.2%. Out of the above, Tier I capital adequacy ratio stood at 12.8% and Tier II capital adequacy ratio stood at 4.4%, respectively. The minimum requirement for the capital adequacy ratio is 15.0% CRAR prescribed by the Reserve Bank of India.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as mandated by the RBI.

DETAILS OF GOLD LOAN AUCTIONS HELD DURING THE FINANCIAL YEAR 2016-17

Disclosure as required pursuant to Clause 26(4) (d) of Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016 issued by the Reserve Bank of India on the Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is furnished below:

Year	No. of Loan Accounts	Total Outstanding Amount (Rs.)	Value Fetched (Rs.)
2016	59	25,24,553	20,21,698

The Company confirms that none of its sister concerns participated in the above auctions.

CREDIT RATING

The credit rating details of the Company as on 31st March, 2017 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Long-term instrument and Subordinated Debt Programme	'IND AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Credit Analysis & Research Limited	Long-term Debt instrument and Subordinated Debt Programme	'CARE AAA/Stable'	
Brickwork Ratings India Private Limited	Company's Long-term Subordinated Debt Issue	'BWR AAA/Stable'	
CRISIL Limited	Fixed Deposit Programme	'FAAA/Stable'	
	Long-term Debt Instruments and Bank Facilities	'CRISIL AA+/ Stable'	The 'AA+' rating indicates a high degree of safety with regard to timely payment of financial obligations. Such instruments carry very low credit risk.
	Short-term Debt and Bank Loans	'CRISIL A1+'	The 'A1'+ rating indicates the highest level of rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2016-17. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

ACHIEVEMENTS

Your Company won several awards and accolades during the year under review. Select few awards/ recognition are enumerated hereunder:

- Conscious Capitalist for the Year Award for the stellar role in promoting sustainable and transformational business practices, at the Forbes India Leadership Awards (FILA) 2016.
- India's Most Ethical Companies Award in the category of Ethical Companies in the Financial Services Sector. The Award was supported by "Indira – Shree Chanakya Education Society" and endorsed by "World CSR Day", "World Federation CSR Professionals" and "Asia Confederation of Businesses".
- CNBC Asia's Corporate Social Responsibility Award.
- Ranked 68th in Top 100 India's Best Companies To Work For 2016, ranked 5th in the Financial Services Sector and ranked 3rd in Workplace Transformation Case Study, by the Great Place to Work Institute in collaboration with the Economic Times.
- Listed in Dow Jones Sustainability Index for the 4th year in a row, being the only Indian Company from the Diversified Financial Services Sector to get selected in this list.
- Recognised as "Best Overall Excellence in CSR" by National Awards for Excellence in CSR & Sustainability.
- Included in 'The Sustainability Yearbook 2017' released by RobecoSAM, being the only Financial Company amongst NBFCs and Banks in India to be included.
- Recognised with significant achievement in HR Excellence at the 7th CII HR Excellence Award.

FIXED DEPOSITS AND LOANS/ ADVANCES

Your Company offers Fixed Deposit schemes that cater to various classes of investors. The Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural savings your Company continues to expand its network and make its presence felt in the most remote areas of the country.

During the year, CRISIL has reaffirmed a rating of 'CRISIL FAAA/Stable' for your Company's Fixed Deposits. This rating represents the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk. Your Company's deposits continue to be a preferred investment amongst the investors.

As on 31st March, 2017, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 4,382.96 Crores, with an investor base of over 1,55,551 investors.

Your Company has initiated several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. The Company communicates various intimations via SMS, e-mails, post, etc., to its investors as well as sends reminder emails to clients whose TDS is likely to be deducted before any payout/ accrual. Your Company also provides online renewal facility, online generation of TDS certificates from customer/broker portal and Seamless Investment process for its employees.

During the year under review your Company has rolled out several initiatives aimed at surpassing the expectation of its Depositors. Some key ones are:

- commenced acceptance of Fixed Deposits from 198 offices of the Company.
- introduced free accident insurance coverage of Rs.1 Lakh per depositor for a year.
- auto renewal of Fixed Deposits option to facilitate timely renewal of deposits.
- introduced year-wise interest statement projection for the full Deposit tenure.

As at 31st March, 2017, 2,736 deposits amounting to Rs. 9.16 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 1,512 deposits amounting to Rs. 4.96 Crores. There has been no default in repayment of deposits or payment of interest during the year.

Your Company being a Non-Banking Financial Company, the disclosures required as per Rule 8 (5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 and 74 of the Companies Act, 2013, are not applicable to it.

The information pursuant to Clause 35(1) of Master Direction DNBR.PD.002/03.10.119/2016-17 dated 25th August, 2016 issued by Reserve Bank of India on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, regarding unpaid/unclaimed public deposits as on 31st March, 2017, is furnished below:

i. total number of accounts of public deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 2,736.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 9,16,27,906.

Your Company continues to send intimation letters via registered post every 3 months to all those fixed deposit holders whose deposits have matured as well as to those whose deposits remain unclaimed.

The particulars of loans/advances, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 34 read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are furnished separately.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to section 186(11) of the Companies Act, 2013 ("the Act"), the provisions of section 186 (4) of the Act requiring disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of section 186 (4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statements.

SUSTAINABILITY INITIATIVES

Sustainability is imbibed in your Company's ways of working since its inception. Focus on rural customers at the bottom of the pyramid and enabling them to Rise has been the Company's business philosophy. Your Company strongly believes in people empowerment and creating shared value. As the Company is progressing, it is ensuring that its business model becomes more inclusive and efficient.

Your Company commenced its journey towards reporting sustainability performance since 2008-09 through the Mahindra Group's Sustainability Report and in the year 2012-13 your Company came out with its 1st standalone Sustainability Report. During the year, your Company released its 4th Sustainability Report for Financial Year 2015-16 with the theme "Empowering Dreams, Enabling Progress" based on the Global Reporting Initiative's (GRI) G4 Guidelines which highlights its endeavors towards creating a better future. This Report can be accessed on the website of the Company at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**. During year under review, your Company's Sustainability Report for the Financial Year 2014-15 was conferred the best report in CSR/Sustainability Report Category by IndiaCSR, which is a popular newswire that promotes innovation and leadership in Corporate Sustainability and Responsibility Practices in India.

The Sustainability performance of your Company for the Financial Year 2016-17 will be elaborated in detail in the GRI Report which is under preparation and will be ready for release shortly.

Your Company continued to focus on sustainability awareness for different stakeholders and took various initiatives to engage them on these fronts. A project on Road Safety was launched during the year imparting safe driving practices through e-learning modules and classroom training sessions to the Company's employees and field staff. Interventions on reduction in water and energy consumption and recycling of waste generation were rolled out throughout the year at different locations.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 4th consecutive year. It is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) management plans. The Company has also been included in The Sustainability Yearbook 2017, being the only Financial Services Sector Company to qualify amongst six companies from India. This signifies the Company being amongst the top Sustainability performers in Diversified Financial Services Sector in the World based on Corporate Sustainability Assessment done by RobecoSAM.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) since the Financial Year 2011-12. CDP seeks information on management of carbon emissions across world's largest companies and how they are geared up to mitigate challenges pertaining to climate change and global warming in future. During the year under review, your Company achieved "CDP Performance Band – B" which affirms that the Company is taking coordinated action on climate change issues. Your Company continued to make proactive efforts to reduce CO2 emissions (carbon footprint) through Project 'Mahindra Hariyali', by planting more than 1.5 Lakh saplings across the country.

Your Company is continuously driving interventions on sustainability at an organisational level and ensuring adequate engagement of its employees, customers

and the local communities in the areas where it operates. The challenges and opportunities pertaining to sustainability and climate change prevailing in markets in which the Company operates have been well managed through its robust risk management framework. Your Company continually aspires to make sustainability a strategic differentiator for it and encourages adoption of sustainable practices across its value chain partners and stakeholders at large.

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) of your Company for the year 2016-17 forms part of this Annual Report as required under Regulation 34(2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is appended as **Annexure II**. Your Company continues to protect and sustain the rural livelihoods through a sustainable business model. The business model aims at transforming rural lives and driving positive change in the community. Your Company is working comprehensively on sustainability and engaging different stakeholders and driving collaborative efforts on this front.

The BRR can also be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's Corporate Social Responsibility (CSR) initiatives are aligned to the mission of transforming rural lives, while contributing to the well-being of people and the planet. The endeavour is to empower the rural communities and help them unleash their potential. Your Company has identified Healthcare, Education and Environment as key CSR thrust areas and is engaged in a number of CSR initiatives directed at – Community Development, Employability Enhancement and Environment Sustenance.

During the year under review, your Company continued to make an impact through its ongoing CSR programs in the domains of :

(a) Healthcare – by organising a nationwide Blood Donation Drive and various Health check-up camps in different locations, donating medical care equipment, ambulances that provide medical care and treatment to communities in rural areas who do not have access to any medical facilities.

(b) Education – by supporting:

- **Nanhi Kalis** – providing educational support to underprivileged girls from poor urban, remote rural and tribal communities across India.
- **Mahindra Pride School** - providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged communities in urban and rural areas.
- **Mahindra Finance Scholarship** - providing scholarships to meritorious students from financially weaker backgrounds.
- **Financial Literacy** - imparting financial literacy skills to school children and sensitising individuals on various cashless methods of transaction.

(c) Livelihood - imparting drivers training to women and financial skills to unemployed youth to make them employable and live with dignity.

(d) Environment - by adding green cover through planting of over one lakh trees during the year through Project Hariyali and ensuring environmental sustainability.

(e) Rural Development - by supporting small and marginal farmers by training them in effective farming practices thereby increasing crop productivity, through the Wardha Family Farming Project.

In addition to the above your Company continued to support the Prime Minister's Swachh Bharat Mission by conducting various activities on sanitation and hygiene, organised visits to Municipal Schools, Orphanages, Differently-abled Homes and Old-Age Homes to re-affirm its pledge to the society.

During the year under review, your Company has spent Rs. 30.48 Crores towards Corporate Social Responsibility on CSR projects/programs. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was Rs. 30.42 Crores. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

CSR POLICY

The CSR Policy of the Company is hosted on the Company's website at the web-link: **http://www.mahindrafinance.com/csr.aspx** and a brief

outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure III** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2017 forms part of this Report and is appended as **Annexure IV**.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The calendar of the Board/Committee Meetings and the Annual General Meeting is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/Committee through circular resolutions.

All the decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board/Committee Meeting.

The Board of Directors met six times during the year under review, on 23rd April, 2016, 22nd July, 2016, 25th October, 2016, 29th November, 2016, 24th January, 2017 and 23rd March, 2017. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 26th Annual General Meeting (AGM) of the Company was held on 22nd July, 2016.

Detailed information on the Meetings of the Board, its Committees and the AGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review, on 29th November, 2016 and 22nd March, 2017. The Meetings were conducted in an informal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. C. B. Bhave as the Chairman and Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. V. S. Parthasarathy and Dr. Anish Shah as Members.

The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

i) Nomination and Remuneration Committee
ii) Stakeholders Relationship Committee
iii) Corporate Social Responsibility Committee
iv) Risk Management Committee
v) Asset Liability Committee
vi) Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions")

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

During the year under review, Mr. Ramesh Iyer was re-appointed as the Managing Director designated as "Vice-Chairman & Managing Director" of the Company for a further period of five years with effect from 30th April, 2016 to 29th April, 2021 by the Members, by means of a Postal Ballot voting process on 16th June, 2016.

During the year, the Members have also appointed Mr. V. Ravi, as a Whole-time Director designated as "Executive Director & Chief Financial Officer" of the Company for a period of five years with effect from 25th July, 2015 to 24th July, 2020, by way of Postal Ballot on 16th June, 2016.

Dr. Anish Shah was appointed as a Non-Executive Director of the Company by the Board of Directors at its Meeting held on 18th March, 2016. During the year under review, the Members have by means of a Postal Ballot voting process on 16th June, 2016, approved the appointment of Dr. Anish Shah as a Non-Executive Director.

In accordance with the provisions of the Companies Act, 2013, Mr. Ramesh Iyer, Vice-Chairman & Managing Director, is liable to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment.

None of the Independent Directors are due for re-appointment.

Key Managerial Personnel

Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the KMP during the year under review.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Directors' Responsibility Statement

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, ("the Act") your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i. in the preparation of the annual accounts for financial year ended 31st March, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

ii. they have in consultation with the Statutory Auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date.

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. they have prepared the annual accounts for financial year ended 31st March, 2017 on a going concern basis.

v. they have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2017.

vi. they have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2017.

Performance Evaluation of the Board

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance and the Directors individually (including Independent Directors) as well as the evaluation of the working of its Committees.

Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the

Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors who were evaluated on several parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/activities.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Directors and Non-Executive Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2016-17, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programmefor-IDs.pdf**.

Policies on Appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

In accordance with the provisions of section 134(3)(e) of the Companies Act, 2013 ("the Act") read with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

Your Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure V-A** and **Annexure V-B**, respectively and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policy for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration No.105102W), the retiring Auditors of the Company complete their term as Statutory Auditors as provided under the Companies Act, 2013 and relevant Rules thereunder at the conclusion of the ensuing Annual General Meeting ("AGM") of the Company.

The Board has placed on record its sincere appreciation for the services rendered by Messrs. B. K. Khare & Co., as Statutory Auditors of the Company.

The Board of Directors on the recommendation of the Audit Committee has approved and recommended to the Members, the appointment of Messrs. B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 101248W/W-100022) as Statutory Auditors for a period of 5 years, commencing from the conclusion of the 27th AGM till the conclusion of the 32nd AGM, subject to ratification of their appointment by the Members at every AGM, as may be applicable. Messrs. B S R & Co. LLP, Chartered Accountants, have given a written consent to act as Statutory Auditors of your Company and have also confirmed that the said appointment would be in conformity with the provisions of sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to appoint Messrs. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, Messrs. B. K. Khare & Co., Chartered Accountants at the ensuing AGM for a term of 5 years from the conclusion of the ensuing AGM till the conclusion of the 32nd AGM and fix their remuneration.

The Auditors' Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2016-17 is appended to this Report as **Annexure VI**.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions.

Pursuant to section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company and the same can be accessed at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of your Company have occurred after the closure of the Financial Year 2016-17 till the date of this Report.

RISK MANAGEMENT POLICY

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or Convenor of the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of

those reporting violation(s) is protected and they are not subject to any discriminatory practices. Protected disclosures can also be made by sending an email at the designated email id: mmfsl_whistleblower@mahindra.com.

The Whistle Blower Policy has been appropriately communicated within the Company and is available on the website of your Company at the web-link: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

The Company's subsidiaries and joint venture continue to contribute to the overall growth in revenues and overall performance of your Company.

A Report on the performance and financial position of each of the subsidiaries and the joint venture company as per the Companies Act, 2013 is provided in Form AOC-1 as **Annexure A** to the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

The Policy for determining material subsidiaries as approved by the Board is hosted on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

SUBSIDIARIES

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.5 million insurance cases, with a total of 15,91,796 cases for both Life and Non-Life Retail business. The customised Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 5,13,093 lives covered with a Sum Assured of Rs. 14,792.8 Crores in the Financial Year 2015-16 to 5,82,949 lives covered with a Sum Assured of Rs.18,027.6 Crores in the Financial Year 2016-17. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 27% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,238.6 Crores in the Financial Year 2015-16 to Rs. 1,567.9 Crores in the Financial Year 2016-17.

The Total Income of MIBL increased by 17% from Rs. 149.2 Crores in the Financial Year 2015-16 to Rs. 174.2 Crores in the Financial Year 2016-17. The Profit before tax increased by 9% from Rs. 75.2 Crores to Rs. 81.7 Crores, and the Profit after tax increased by 9% from Rs. 48.5 Crores to Rs. 53.0 Crores during the same period.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL) has during the year ended 31st March, 2017, disbursed loans aggregating Rs. 2,116.2 Crores (previous year Rs. 1,552.5 Crores) achieving a growth of 36% over the previous year. Profit after tax was 32% higher at Rs. 83.0 Crores as compared to Rs. 62.7 Crores for the previous year. The outstanding loan portfolio as at 31st March, 2017 stood at Rs. 4,823.6 Crores.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 1,72,000 families were given home loans (in addition to around 3,88,000 existing families as on 31st March, 2016).

MRHFL has been expanding its geographical presence, to provide affordable services for rural households and has also entered the semi-urban market segment.

Mahindra Asset Management Company Private Limited

The Securities and Exchange Board of India (SEBI) had granted a Certificate of Registration to Mahindra Mutual Fund on 4th February, 2016. SEBI had also approved the application of Mahindra Asset Management Company Private Limited (MAMCPL), a wholly-owned Subsidiary of the Company to act as an Investment Manager to the schemes of Mahindra Mutual Fund, on the same date. Following this approval, MAMCPL launched the first scheme of Mahindra Mutual Fund in July 2016. As on 31st March 2017, MAMCPL was managing four schemes of Mahindra Mutual Fund with average assets amounting to Rs. 2,050 Crores in March 2017. During the year under review, MAMCPL has opened six branches, employed close to one hundred employees, empanelled more than 4,100 distributors and opened more than 37,800 investor accounts.

During the year, MAMCPL earned investment management fees of Rs. 351 lakhs and investment income of Rs. 530 lakhs. The total income for the year was Rs. 881 lakhs and the total expenses amounted to Rs. 2,928.5 lakhs leading to a loss of Rs. 2,047.4 lakhs. MAMCPL has issued equity shares on a Rights basis, amounting to Rs. 3,045 lakhs during the year, to fund the expenses as well as maintain its networth above Rs. 5,000 lakhs as mandated by SEBI Regulations.

Mahindra Trustee Company Private Limited

The Securities and Exchange Board of India (SEBI) had granted a Certificate of Registration to Mahindra

Mutual Fund on 4th February, 2016. Mahindra Trustee Company Private Limited (MTCPL), a wholly-owned Subsidiary of the Company acts as the Trustee to the schemes of Mahindra Mutual Fund.

During the year, MTCPL earned trusteeship fees of Rs. 3.1 lakhs. The total expenses were Rs. 23.5 lakhs leading to a loss of Rs. 20.4 lakhs. MTCPL has issued equity shares on a Rights basis amounting to Rs. 35 lakhs during the year to fund the expenses.

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 12.3% to USD 7,646.11 Lakhs for the year ended 31st March, 2017 as compared to USD 6,807.75 Lakhs for the previous year.

Income grew by 36.27% to USD 426.66 Lakhs for the year ended 31st March, 2017 as compared to USD 313.09 Lakhs for the previous year. Profit before tax was 43.96% higher at USD 129.13 Lakhs as compared to USD 89.70 Lakhs for the previous year. Profit after tax grew at a healthy rate of 42.22% to USD 81.49 Lakhs as compared to USD 57.30 Lakhs in the previous year.

Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year

During the year under review, no company has become or ceased to be a subsidiary, joint venture or associate of your Company.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Member at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

The Annual Reports of the subsidiaries will also be available on your Company's website at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**.

Material Subsidiary

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material subsidiary, during the year under review.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its four subsidiaries, viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with the Companies Act, 2013 and Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented.

Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	Designation	Ratio of the remuneration of each Director to median remuneration of Employees
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016 -17	Mr. Dhananjay Mungale	Chairman (Independent Director)	13.43X
		Mr. M. G. Bhide	Independent Director	10.82X
		Mr. Piyush Mankad	Independent Director	10.16X
		Mr. C. B. Bhave	Independent Director	10.16X
		Ms. Rama Bijapurkar	Independent Director	9.55X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	275.34X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	122.13X
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	27.51X
	* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.			

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	Designation	% increase in Remuneration
2.	Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17	Mr. Dhananjay Mungale	Chairman (Independent Director)	40.48
		Mr. M. G. Bhide	Independent Director	6.43
		Mr. Piyush Mankad	Independent Director	2.89
		Mr. C. B. Bhave	Independent Director	9.21
		Ms. Rama Bijapurkar	Independent Director	3.08
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	54.68
		Mr. V. Ravi	Executive Director & Chief Financial Officer	48.29
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	53.78
	* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.			
3.	Percentage increase in the median Remuneration of employees in the Financial Year	40.06% considering employees who were in employment for the whole of the Financial Year 2015-16 and Financial Year 2016-17.		
4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2017	15,109		

5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2016-17 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2015-16 and Financial Year 2016-17, the average increase is 39.89%. Average increase for Managerial Personnel is 52.73% **Justification :** The remuneration of the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The remuneration of eligible Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, etc. were taken into consideration. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparator basket of relevant companies in India.
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

Notes:

1) The remuneration calculated is as per section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.

2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2015-16 and Financial Year 2016-17.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer of the Company do not receive any remuneration or commission from its holding company or any of the subsidiaries of the Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Limited. Mr. Iyer has not exercised ESOPs of the holding Company, during the year, which were granted in the earlier year(s).

The Company had seven employees who were in receipt of remuneration of not less than Rs.1,02,00,000 during the year ended 31st March, 2017 or not less than Rs. 8,50,000 per month during any part of the year.

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**. None of these employees is a relative of any Director of the Company.

None of the employees holds either by himself/herself or along with his/her spouse or dependent children, more than two per cent of the Equity Shares of the Company.

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

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company ensures that no employee is disadvantaged by way of gender discrimination.

The following is a summary of Sexual Harassment complaints received and disposed off during the year 2016-17, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

(a) Number of complaints of Sexual Harassment received during the year – 3

(b) Number of complaints disposed off during the year – 3

(c) Number of cases pending for more than 90 days – 0

(d) Number of workshops/awareness programme against sexual harassment carried out – 5 workshops were conducted. Awareness on sexual harassment was carried out in branches pan-India for all employees of the Company.

(e) Nature of action taken by the employer or District Officer – The allegation was not proved, hence no action was taken against the alleged employees.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3) (m) of section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under :

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy:
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

Select few steps are listed:

a) Installation of Solar UPS in different States:
The Company has deployed Solar UPS at 62 branches pan-India. The Company has one branch in Gopalganj, Bihar, which is running completely on Solar energy since last 3 years.

b) Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

c) Reduction in water and energy consumption and recycling of waste generation at various locations.

(ii) The steps taken by the Company for utilising alternate sources of energy:
The Company has generated 323 megawatt of energy through 62 Solar UPS having total capacity of 176 kilowatt 'peak' installed across various branches pan-India during the Financial Year 2016–17.

(iii) The capital investment on energy conservation equipments: Nil.

(B) Technology Absorption

(i) The efforts made towards technology absorption: **Not Applicable.**

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable.**

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): **Not Applicable.**
(a) Details of Technology Imported;
(b) Year of Import;
(c) Whether the Technology has been fully absorbed;
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

PARTICULARS OF LOANS/ADVANCES, ETC., PURSUANT TO REGULATION 34 READ WITH PARAGRAPH A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Loans and advances in the nature of loans to subsidiaries:

(Rs. in Crores)

Name of the Company	Balance as on 31st March, 2017	Maximum Outstanding during the Year
Mahindra Rural Housing Finance Limited	Nil	46.56

The Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, pursuant to section 186 of the Companies Act, 2013.

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["the Listing Regulations"] makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company ["the Policy"]. The Policy shall come into force for accounting periods beginning from 1st April, 2016.

OBJECTIVE

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of dividend to its shareholders.

DEFINITIONS

a. "Act" means the Companies Act, 2013 and Rules made thereunder [including any amendments or re-enactments thereof].

b. "Applicable laws" shall mean to include Companies Act, 2013 and Rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/ notifications/circulars issued by the Reserve Bank of India and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.

d. "Company" shall mean Mahindra & Mahindra Financial Services Limited.

e. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.

f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year,

g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

h. "Capital to Risk Assets Ratio" (Capital Adequacy Ratio) shall mean the Percentage of Capital Funds to Risk Weighted Assets/Exposures of the Company.

DIVIDEND DISTRIBUTION PHILOSOPHY

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Information on dividend for the last 10 years is furnished in the Annual Report.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

i) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs. 2 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 2 each and Preference Shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs. 2 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based

on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

ii) The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Equity Shares.

iii) As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

FACTORS FOR RECOMMENDATION/ DECLARATION OF DIVIDEND

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors (Financial Parameters):

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
   a. Previous years; and
   b. Internal budgets,
ii. Cash flow position of the Company,
iii. Accumulated reserves,
iv. Capital to Risk Assets Ratio (Capital Adequacy Ratio),
v. Transfer to Statutory Reserves as per the Reserve Bank of India Act, 1934,
vi. Transfer to Debenture Redemption Reserve,
vii. Earnings stability,
viii. Future cash requirements for organic growth/ expansion and/or for inorganic growth,
ix. Brand acquisitions,
x. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
xi. Deployment of funds in short term marketable investments,
xii. Long term investments,
xiii. Capital expenditure(s), and
xiv. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

i. Business cycles,
ii. Economic environment,
iii. Cost of external financing,
iv. Applicable taxes including tax on dividend,
v. Industry outlook for the future years,
vi. Inflation rate, and
vii. Changes in the Government policies, industry specific rulings and regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.

ii. In the event of higher working capital requirement for business operations or otherwise.

iii. In the event of inadequacy of cashflow available for distribution.

iv. In the event of inadequacy or absence of profits.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

In such event, the Board will provide rationale in the Annual Report.

MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure for working capital,
ii. Organic and/or inorganic growth,
iii. Investment in new business(es) and/or additional investment in existing business(es),
iv. Declaration of dividend,
v. Capitalisation of shares,
vi. Buy back of shares,
vii. General corporate purposes, including contingencies,
viii. Correcting the capital structure,

ix. Any other permitted usage as per the Companies Act, 2013.

GENERAL

Due regard shall be given to the restrictions/ covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

REVIEW

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/Acts/Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc., issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website of the Company.

The Policy will be available on the Company's website and the link to the Policy is: **http://www.mahindrafinance.com/policies.aspx**. The Policy will also be disclosed in the Company's annual report.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

ANNEXURE II TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Business Responsibility Report for the year 2016-17

[Pursuant to Regulation 34(2) (f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65921MH1991PLC059642	
2	Name of the Company	Mahindra & Mahindra Financial Services Limited	
3	Registered address	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.	
4	Website	http://www.mahindrafinance.com	
5	E-mail	investorhelpline_mmfsl@mahindra.com	
6	Financial Year reported	1st April, 2016 to 31st March, 2017	
7	Sector(s) that the Company is engaged in (industrial activity code-wise):	Description of the main products/services	NIC code for the product or service
		Asset Financing	64990
8	List three key products/services that the Company manufactures/provides (as in balance sheet):	1) Vehicle/Tractor Financing	
		2) Small and Medium-sized Enterprises (SME) Financing	
		3) Investments and Advisory	
9	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations (Provide details of major 5)	ii. Number of National Locations
		The Company has presence in India & Company operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States	1,182 offices as on 31st March, 2017.
10	Markets served by the Company – Local/State/ National/International	The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.	

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	11,300.83 lakhs
2	Total Turnover (INR)	6,23,753.82 lakhs
3	Total profit after taxes (INR)	40,023.49 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) (INR)	3,047.53 lakhs
	As percentage of profit after tax (%)	2.00% of average Net Profit for last three Financial Years
5	List of activities in which expenditure in 4 above has been incurred.	• Supporting the PM's clean India campaign by spreading awareness about Swacch Bharat Abhiyan and partnering with Indian Sanitation Coalition (ISC) to drive sustainable sanitation through a partnership mode • Improving health conditions and medical facilities in various villages across nation by organising blood donation camps, eye check-up camps, health camps and also by providing medical aid • Promoting access to healthcare for marginalised populations by providing ambulances • Alleviating attrition rates of underprivileged girls from schools by contributing to the project 'Nanhi Kali' • Enhancing the state of educational institutions by providing necessary infrastructure to schools and books, stationery and other relevant material to underprivileged children • Empowering socially & economically disadvantaged youth by providing intensive training in ITES, Retail and Hospitality in Mahindra Pride School

		• Educating school children on the importance of personal finance management by teaching financial literacy courses and distributing financial literacy kit and sensitising community on cashless methods of transaction • Increasing employability of youth and women by imparting knowledge on financial skills and driver training respectively • Encouraging continued education of school going children, undergraduates and post-graduates by providing need based scholarship • Supporting old age homes, orphanages and differently abled homes • Aiding environmental conservation and restoration programs such as tree plantation, rain water harvesting & watershed management financially • Providing financial support to various organizations that preserve and promote the fine arts and different forms of traditional dance • Improving agribase, livelihood of farmers • CSR Administrative Expenses (Full details are given in Annexure III of the Board's Report for FY 2016-17)

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has four Subsidiary Companies as on 31st of March 2017. 1) Mahindra Insurance Brokers Limited 2) Mahindra Rural Housing Finance Limited 3) Mahindra Asset Management Company Private Limited 4) Mahindra Trustee Company Private Limited
2	Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Yes, two Subsidiary Companies viz. Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited participate in the Company's BR initiatives and are also included in the scope of its Sustainability Report. The Sustainability Reports of last 4 years are available on the Company's website at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	Yes, the Company has developed a long lasting relationship with the Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets for engaging with these dealers. Also, customer feedback and satisfaction with the services are recorded in the form of 'Customer as Promoter Score' (CaPS). CaPS is calculated based on a question whether the dealer/customer would recommend the Company to their customers/friends. A person usually recommends a brand to someone only if he/she is satisfied with it and wants to continue being associated with the brand. Thus CaPS is a measure which takes into account both satisfaction and loyalty of a person with a brand. This feedback is utilized to create new action plans for the improvement of Company's products and services. The issues arising with the dealers are captured in CaPS survey findings which are addressed and acted upon. This results in decreased customer dissatisfaction, improved turn-around-time and better customer experience in loan funding process. The Company initiates programs to encourage adoption of sustainable business practices amongst its suppliers. Since the Company operates in the financial services sector, most of the suppliers are small scale vendors and service providers. The current reach for the program is less than 30%. Over the years the Company intends to cover more percentage of its suppliers under business responsibility programs and themes.

SECTION D: BR INFORMATION

1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number	Name	Designation
00220759	Mr. Ramesh Iyer	Vice-Chairman & Managing Director, President - Financial Services Sector & Member of the Group Executive Board

b) Details of the BR head

S.No.	Particulars	Details
1	DIN Number (if applicable)	01904423
2	Name	Mr. Vinay Deshpande
3	Designation	Chief People Officer
4	Telephone number	+91 22 66526000
5	e-mail id	deshpande.vinay@mahindra.com

2. PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles, as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by the Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals. The 9 principles outlined in the National Voluntary Guidelines are as follows:

PRINCIPLE 1
Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

PRINCIPLE 2
Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

PRINCIPLE 3
Businesses should promote the wellbeing of all employees.

PRINCIPLE 4
Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

PRINCIPLE 5
Businesses should respect and promote human rights.

PRINCIPLE 6
Businesses should respect, protect and make efforts to restore the environment.

PRINCIPLE 7
Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

PRINCIPLE 8
Businesses should support inclusive growth and equitable development.

PRINCIPLE 9
Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

Sl. No	Questions	Ethics, Transparency and Accountability P1	Product Life Cycle* P2	Employee Wellbeing P3	Stakeholder Engagement P4	Human Rights P5	Environment* P6	Public and Regulatory Policy P7	Inclusive Growth P8	Customers and Consumers P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/ international standards? If yes, specify?	Y	NA	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?#	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	NA	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]

*Considering the nature of the Company's business, this principle has limited applicability to our service offering and financial products

Note:

Y - Yes, the Company has relevant policies and systems in place with respect to the principle and the related questions as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs).

– The Company's BR Policy is shared internally within the organisation on its intranet and externally on its website at the web-link: **http://www.mahindrafinance.com/policies.aspx**

Y[1] – The BR Policy has been appropriately communicated to the relevant stakeholders.

Y[2] – While the Company has not carried out independent audit of the policies; there is a limited assurance by an external agency for the Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

In addition to the Principle specific Polices and information can be referred on the links mentioned in the table given below:

NVG Principle	Information
Principle 1: Ethics, transparency & accountability	The different policies and documents pertaining to this Principle like Whistle Blower Policy as a part of Vigil Mechanism and the Code of Conduct for Directors, Senior Management Personnel and Employees can be referred on following pages of Company's website at the Web-link: **http://www.mahindrafinance.com/corporate-governance.aspx** **http://www.mahindrafinance.com/fair-practice-code.aspx** **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf** Other Policies can be referred at the Web-link: **http://www.mahindrafinance.com/policies.aspx**
Principle 2: Sustainability in life-cycle of product	Refer to sections named 'Sustainability and Us' and 'Service Performance' in Company's last Sustainability Report on Page Nos. 24-27 and 32-35 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**
Principle 3: Employee well-being	Refer 'Life at Mahindra Finance' section on Company's website at the Web-link: **http://www.mahindrafinance.com/life_mmfsl.aspx** Refer to 'Nurturing Talent' section in Company's last Sustainability Report on Page Nos. 40-48 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** HR policies are circulated internally to employees on intranet portal.
Principle 4: Stakeholder engagement	Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Also similar policies can be referred at the web-link: **http://www.mahindrafinance.com/policies.aspx**
Principle 5: Promotion of human rights	Refer to 'Nurturing Talent' section in the Company's last Sustainability Report on Page Nos. 40-41, available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx** Other HR policies with elements of Human Rights are uploaded on intranet portal.
Principle 6: Environmental protection	Refer to 'Environmental Performance' section in Company's last Sustainability Report on Page Nos. 36-38 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Also relevant information can be referred at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**

NVG Principle	Information
Principle 7: Responsible public policy advocacy	Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer, represent the Company on governing councils, executive committees and various other groups of several trade and industry associations and organizations like Confederation of Indian Industries (CII), Associated Chambers of Commerce and Industry of India (ASSOCHAM), Finance Industry Development Council (FIDC), Federation of Indian Chambers of Commerce and Industry (FICCI) and Bombay Chamber of Commerce and Industry (BCCI). Also the Company's senior management personnel are members of Governing Council of Mahindra Finance Academy. Details regarding the same can be referred in section Public Policy Advocacy on Page No. 17 of the Company's last Sustainability Report- **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**
Principle 8: Inclusive growth	Refer to CSR section on website at the Web-link: **http://www.mahindrafinance.com/csr.aspx** CSR Section in Company's Sustainability Report and Annual Financial Report Refer to 'Social Performance' section in Company's last Sustainability Report on Page Nos. 50-54 available at the Web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**
Principle 9: Customer value	Refer Mahindra Finance Website at the web-links: **http://www.mahindrafinance.com/get-a-loan-overview.aspx** **http://www.mahindrafinance.com/invest-with-us-overview.aspx** **http://www.mahindrafinance.com/contact-us.aspx**

(b) If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

3. GOVERNANCE RELATED TO BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Within 3 months
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company annually publishes a Sustainability Report based on Global Reporting Initiative (GRI – G4) Guidelines. In the reporting year, the Company released its 4th Sustainability Report for FY 2015-16 with the theme '**Empowering Dreams, Enabling Progress'** based on the Global Reporting Initiative's (GRI) G4 guidelines which highlights its endeavors towards creating a better future. The Sustainability Report for FY 2015-16 can be accessed at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

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

   The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code extends to all dealings with suppliers, customers and other business partners. The Board has established two detailed sets of codes of conduct, one for Board of Directors and other for senior management and employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

   The Company has established robust business practices and procedures to ensure that it remains fully compliant with mandated regulations and wins the goodwill of all communities it works closely with. It achieves this through sustained efforts and robust business processes that are aimed at attaining the highest standards of corporate governance.

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

   During the reporting year, 15 complaints were received from the Shareholders, all of which were attended to/resolved till date.

   The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like investors, customers, employees and suppliers etc.

PRINCIPLE 2

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

   The Company addresses the credit requirements of its customers through its unique 'Earn & Pay' business model. The Company provides loans not for consumption, but for income generation. The Company is progressively working to provide a range of financial products and services to its customers through its nationwide distribution network. The Company's multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. The Company creates livelihoods, provides shelter, and secures peoples' investments.

   As an integral enabler to livelihoods, the Company inspires the transformation of rural India, by helping people realise their aspirations. While the Company empowers lives of its customers, this also co-creates new opportunities with them to increase business through products portfolio as shared below.

   Vehicle loans: Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars.

   SME loans: Equipment Financing, Project Financing and Working Capital Finance.

   Investments and Advisory: The Company helps customers by providing investment advisory services and a wide range of investment products.

   The Company empowers those who reside at the lower end of the social pyramid. The Company's customer base covers farmers located in remote villages of India. The Company has presence in over 3.19 lakh villages and undertakes periodic surveys to understand its customers better. These customers are largely ignored by the conventional banking system, or they are located in under-banked locations. Your Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of its customers belong to the lower-income category and are at the bottom of the income and social pyramid.

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

   The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of its business. However, the Company extensively monitors the energy consumption, GHG emissions and waste generation as a part of the sustainability roadmap. Also, the Company has taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover installation of Solar UPS in different States and LED Lights in offices in place of CFL.

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

The Company's major suppliers are small scale vendors and service providers. The Company's nature of business doesn't present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, the Company encourages its suppliers and vendors to adopt sustainable practices.

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

One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers.

In the last reporting year, 100% of the Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 29 in Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

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

As a part of Company's continued engagement with local suppliers and through its emphasis on factors like quality, delivery time, etc., service levels of the suppliers have improved. Also, the Company encourages its suppliers to adopt sustainable practices and also appreciates and recognises the good practices followed by them.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

Yes. The Company has a mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste. The Company has initiated a number of initiatives on recycling of stationery waste at its main locations in India. As the Company progresses on with better monitoring and reporting of this information, such initiatives would be propagated to more locations in the coming year.

The Company disposes the hazardous waste materials (e-waste) through authorised agencies as per the applicable laws pertaining to E-Waste. 100% of hazardous waste from all major locations for the previous year was disposed off responsibly.

The non-hazardous waste is managed with the help of local vendors. Approximately 41 Tons of paper was saved in last financial year, by using of recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of paper that is generated through old record destruction. These initiatives have been undertaken in collaboration with Record Management Companies.

PRINCIPLE 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	15,109

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis**

	No. of employees
Temporary/Contractual /Casual employees	2,932

3. **Please indicate the Number of permanent women employees**

721

4. **Please indicate the Number of permanent employees with disabilities**

24

5. **Do you have an employee association that is recognized by management?**

The Company does not have recognised Employee Association/Labour Unions.

6. **What percentage of your permanent employees is members of this recognized employee association?**

This aspect is not applicable as employees of the Company are not members of any recognized association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1	Child labour/forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	3	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

The Company's talent management team conducts various learning and development programmes each year to nurture talent amongst the employees. The average training hours accounted to 7.22 mandays per person in FY 2016-17 for employees under different programs like:

Safety:

- **Overall Safety –** As a part of the Company's initiative under the theme of "Suraksha Abhiyaan" classroom training programs were conducted at different locations and theoretical as well as practical training was imparted to the participants covering basic safety aspects like - hazard identification, mock drill, emergency evacuation, operating fire extinguishers, first aid, etc.

- **Road Safety –** In order to encourage safe driving practices amongst its employees, the Company has launched Road Safety e-learning program which covers basic safety aspect employees should be cautious of while driving vehicles. The program was launched pan-India and was driven with rigor across locations.

- **Health & Wellness -** As a focus towards health and wellbeing of its employees, the Company conducts regular health check-up and awareness sessions under the theme of 'Aarogya' program. Total 118 Programs were conducted in FY 2016-17.

Skill Up-gradation:

- **Drona Induction Program -** Through this program training is imparted to employees to perfect their functional skills as well as behavioral skills. The Company empowers them to use imagination, develop creative solution, remain flexible and motivate others to turn their ideas into results that make a difference to our business.

- **Project Arjuna –**Through Project Arjuna ,the organisation identifies high performers and high potential employees in the Operational Band. A Formal Career Conversation is done with the arjunas where their personal development Plans are captured in consultation with his/her reporting manager. Accordingly, various interventions and training are provided to them.

- **Career Advancement Plan (CAP)-** through CAP, the Company provides an opportunity to its employees working in the capacity of office boys, cashiers, etc. to leverage their potential to scale up the ladder.

- **Think Tank -** This program encourages Alternative Thinking and gives an opportunity to the young talent in the organisation to work on strategic projects sponsored by the senior management.

- **Mahindra Finance Academy –** This platform provides different kinds of certifications related to financial services to aspirants.

- **Chanakya -** The program helps develop high performing, high potential talent through a blend of various educational, vocational, general management and specialised platforms of national and international repute.

- **Manthan -** A mentorship programme for high potential employees. It connects employees to mentors in the organisation who guide, support and encourage them to perform better.

- **Chakravyu -** Formulated for high-performing managers of the Company, Chakravyu is a program that helps individuals develop a strong resolve to challenge conventions and stoke their spirit of Alternative Thinking. This three stage workshop includes Awareness, Practice and Application phases giving a holistic learning to participants.

- **Vyaas e-Learning Management (VeLM) –** Through this e-learning management system the Company has leveraged technology based platform to train employees on different business processes.

The Company has kept focus on hiring local talent in regions it operates and builds on their skill sets to do well in organisation and accelerate in their professional careers.

Percentage of employees covered as a part of different safety & skill up-gradation training in the last year are given below:

Permanent Employees	78.32 % were covered as a part of training programs
Permanent Women Employees	53.11% were covered as a part of training programs
Casual/Temporary/Contractual Employees	Company does not measure this metric
Employees with Disabilities	Company does not measure this metric

PRINCIPLE 4

1. Has the Company mapped its internal and external stakeholders? Yes/No

   The Company has mapped its key stakeholders. The internal stakeholders are constituted by the employees whereas the external stakeholders are Customers, Dealers/Original Equipment Manufacturers (OEMs), Shareholders, Regulators, Lenders and the Investors Community.

   Also, your Company's approach towards stakeholder engagement is detailed in its Sustainability Report. Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the Web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

   The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan considering expectations of different stakeholders including those which need support on multiple fronts. This includes customers and the communities which are positioned at the bottom of income and social pyramid. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   The Company has taken up a number of initiatives for meeting the expectations of different stakeholders. Variety of projects are initiated under themes of healthcare, education, livelihood for youth and women to engage the beneficiaries and stakeholders. The details of the programs can be found under the CSR section of Company's Sustainability Report and Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

   Kindly Refer to Social Performance Section in the Company's previous Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

PRINCIPLE 5

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

   The policy and approach of the organisation pertaining to Human Rights extends to different stakeholders including shareholders, investors, suppliers, customers and other business partners. The Company believes human rights are indivisible and non-negotiable. 'Dignity of the Individual' is one of the five core values of Mahindra Finance. Discrimination, forced and compulsory labour and child labour are strictly prohibited. The Company also denounces the bribery or corruption in any form and the Company's processes ensure that such practices are strictly discouraged at all levels. The Company's Human Resources department implements norms, policies and initiatives for all to imbibe and align to a common approach,

which fosters a transparent, fair and growth-oriented work culture. The Company has already implemented an appropriate policy for employees to facilitate the prevention of sexual harassment, which inter alia, sensitises all employees who are part of Company's redressal mechanism and ensures that protection is offered to them by the Company. As a part of the Mahindra group, the Company adheres to the principles on human rights and labour standards set forth by the UN Global Compact:

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;
- **Principle 2:** Ensure that businesses are not complicit in human rights abuses;
- **Principle 4:** The elimination of all forms of forced and compulsory labour;
- **Principle 5:** The effective abolition of child labour;
- **Principle 6:** The elimination of discrimination in respect of employment and occupation;
- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

In addition to the BR Policy which covers the dimensions of Human Right, the Company has also formulated an internal policy in relation to Human rights in economic decision making process based on Mahindra Group's approach on the similar front.

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

None with respect to Human Rights.

Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights are disclosed in Point No. 7 of Principle 2 above.

PRINCIPLE 6

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

Yes. The Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The E-waste management policy which is important to the organisation has coverage and applicability to its business partners involved in the process. The Company endeavours to integrate environmental constructs into management decision-making process. Improving eco-efficiency of Company's operations has been a part of its sustainability road map. Digitization of Company's operating procedures, products and processes has been a key initiative, which not only helps in cutting down on paper consumption but also helps to lower the carbon emissions. Compliance with laws and regulations relating to the environment has always been ensured in letter and spirit. Your Company has been reporting environmental performance in terms of absolute and specific consumption. The specific consumption is calculated by dividing the absolute consumption by the number of employees.

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 4th consecutive year. MMFSL is the only Company, from amongst the Diversified Financial Services Companies in India, to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans. Also, MMFSL got included in The Sustainability Yearbook 2017 being the only Financial Services Sector Company amongst 6 companies from India to qualify. This signifies MMFSL being amongst the top Sustainability performers in Diversified Financial Services Sector in the World based on Corporate Sustainability Assessment done by RobecoSAM.

The Company's approach has been to make environmental disclosures transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India 200 since FY 2011-12. During the reporting year, MMFSL achieved CDP Performance Band - B for the first time and this affirms that the Company is taking coordinated action on climate change issues.

Also, the Company adheres to a group wide environment policy which is revised according to its operations considering the Company being in the banking and financial services sector.

2. Does the Company have strategies/ initiatives to address global environmental issues such as

climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has undertaken various environmental initiatives that reduce emission of GHG gases in the atmosphere that contributes to the phenomena of global warming and climate change. Details of all the initiatives are available in the environment performance section of the Sustainability Report and also shared below. Kindly refer the Page Nos. 37-38 of Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MMFSS_SustainabilityReport_2015_16_Final.pdf**

Conservation of Energy - Operations of the Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption. The steps taken on conservation of energy are shared below:

- Installation of solar UPS in different States.
- Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

Paperless Productivity - Being a financial services institution, paper is a major resource consumed at Company's offices. In an effort to reduce its consumption, the Company has undertaken various initiatives to eliminate paper usage. Some of these initiatives are:

- The Personal Loan Application Processing (PLAP) that facilitates the capturing of personal loan enquiries at source and at every stage till approval/rejection of the application, thereby completely bypassing the use of paper-based stationery.
- Conveyance Claim Module is an integrated module to process conveyance reimbursement payments to the field force. It maintains MIS on productivity, efficiency and performance comparison in a given period of time for approving authority. It is a completely paperless process that even frees the field force from the need to maintain manual records.
- Receivables Management System in the Company has migrated to online platform and is accessible to users at any time and at any place. Also, the entire process is operational on e-platform which is completely paperless.

E-waste Management - The Company has taken a proactive approach towards handling its electronic waste. Your Company has empanelled authorised third party e-waste handlers for disposal of e-waste from its locations across India. In FY 2016-17, the Company has disposed approximately 5 Tons of e-waste which included desktops, laptops, hardware, etc.

Leveraging technology to reduce business travel

Your Company has enhanced its efforts to use video conference and tele-conference facilities. This has reduced the need for business travel and has resulted in decreased scope 3 emissions. Your Company has installed video conference facility at 30 of its major locations of operation. This has reduced travels of employees and has contributed in reduction in travel cost and saving of time as well.

Project Hariyali

Project Hariyali has been the Company's endeavour towards nurturing biodiversity. During the FY 16-17, your Company has planted 1,05,951 trees.

3. Does the Company identify and assess potential environmental risks? Y/N

The Company is cognizant that the human-induced climate change has become an important factor for the financial sector. The multitude of impacts from climate change include scarcity of natural resources, their escalating prices, enhanced transportation costs, additional insurance covers and expenditure on risk mitigation. Historically, the financial services sector has been involved in the management of climate variability through its provision of credit for seasonal cycles of agriculture, selection of suitable investment opportunities, and insurance against natural disasters.

4. Does the Company have any project related to Clean Development Mechanism (CDM)? If Yes, whether any environmental compliance report is filed?

No, because of the nature of the Company's business being service based, feasibility of undertaking a CDM project is very limited.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company has taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover installation of Solar UPS in different States and Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 175 KVA of solar capacity across 62 different locations. Details about the project are available in the environment performance section of the last Sustainability Report on Page Nos. 37-38 at the web-link: **www.mahindrafinance.com/sustainability.aspx**

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

The Company, being a financial services sector Company doesn't fall under the purview of CPCB/SPCB. However the Company monitors various aspects like energy consumption, water consumption, paper consumption, cartridges and toner usage, wastes generated and GHG emissions (details are available in Sustainability Report at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**). Your Company under various initiatives, is constantly in pursuit of reducing its carbon footprint and waste generation.

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

Not applicable as the operations of your Company do not come under the purview and regulations of these government bodies. Your Company is compliant with all applicable laws pertaining to its business.

PRINCIPLE 7

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

The Company has been a prominent member of Confederation of Indian Industries (CII), Associated Finance Industry Development Council (FIDC), and Bombay Chamber of Commerce and Industry (BCCI).

Also, the Company has been associated with other industry bodies like - Chambers of Commerce and Industry of India (ASSOCHAM), and Federation of Indian Chambers of Commerce and Industry (FICCI).

In addition to these, the Vice-Chairman and Managing Director - Mr. Ramesh Iyer and Executive Director & Chief Financial Officer - Mr. V. Ravi are part of different committees and forums of various chambers, associations and educational institutes.

Further details regarding the same can be referred in section 'Public Policy Advocacy' on page no. 17 of Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

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

Yes. The Company's senior management has suggested improvements in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry associations and forums.

PRINCIPLE 8

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

The Company's CSR mission is in line with the business mission - "Driving positive impact in communities". Through constant and collaborative interactions with stakeholders, the Company strives to become an asset in the communities where it operates. Your Company's Corporate Social Responsibility (CSR) initiatives are focused towards empowering lives across the country with focus on three thrust areas of education, healthcare and environment. The Company aims to transform rural India, which is self-sustaining and encourages growth-oriented communities.

The Company has embarked on various initiatives under Corporate Social Responsibility to promote inclusive growth and equitable development.

The Corporate Social Responsibility Committee ('CSR Committee' - Board level) is responsible to formulate, monitor, and review various policies and programs falling within the purview of the Schedule VII of the Companies Act, 2013 and mobilize resources for adherence with the same.

Please refer the Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

Also, details can be referred on the Company's website:

- CSR Section - **http://www.mahindrafinance.com/csr.aspx**
- Sustainability Section - **http://www.mahindrafinance.com/sustainability.aspx**

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

The Company has undertaken a wide variety of community based initiatives, through its corporate social responsibility team. The implementation of different projects is done by various in-house and external agencies. Details on these aspects can be found in the Annual Report on CSR activities and in the Sustainability Report.

Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

Kindly refer Social Performance Section in Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

Also, details can be referred on your Company's website:

- CSR Section - **http://www.mahindrafinance.com/csr.aspx**
- Sustainability Section - **http://www.mahindrafinance.com/sustainability.aspx**

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

The Company has a process for undertaking the impact assessment for its key CSR interventions by engaging external partner. The Company follows the process which covers need assessment, project designing, project implementation and endline assessment.

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

Your Company contributed INR 3,047.53 lakhs, majorly in areas of Education, Health and Environment which are Company's CSR focus areas.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company is constantly taking steps towards 'Driving positive impact in communities' within which it operates. Some of the Company's initiatives and interventions in three focus areas of education, health and environment are shared briefly below.

Health – The Company is making efforts towards promoting health care including preventive health care and sanitation and making safe drinking water available. Also, your Company has taken up Medical Equipment and Ambulance Donation program along with organising health check-up camps and blood donation drives across various locations in India.

Education – The Company provided educational support to the underprivileged students from poor, remote rural and conflict afflicted communities across India. The Company distributed scholarships to undergraduate and graduate students as part of Mahindra Finance Scholarship Program. As a part of efforts towards education, the Company imparted vocational training and financial literacy amongst school students. Also, the Company's projects focused on empowering youth and women from

socially and economically disadvantaged sections of society by providing them with livelihood training which enables them to gain employment based on their skills.

Environment - Project 'Hariyali' has been the Company's endeavour towards nurturing biodiversity and increasing green-cover. During the FY 16-17, your Company planted 1,05,951 trees. To maintain the sustainability of these saplings, your Company also conducted tree plantation drives in the colleges/schools/ orphanage premises where the community feels responsible and nurtures the saplings.

PRINCIPLE 9

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

   Customer complaints are treated very seriously in the organisation. Of the total complaints 2.04% are pending at the end of the year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

   Since the Company is not into manufacturing of products, the aspects pertaining to product labelling are not applicable to its service offerings directly to customer/consumers. As the Company is a service based organisation, India's linguistic diversity is a challenge. To overcome this barrier the Company employs multilingual teams, comprising of locals people. The Company's website is bilingual and provides information to its audience in Hindi and English. The Company's employees educate its customers about the loan products they avail and thus, build deeper partnerships with them. The Company thrusts on engaging and hiring local people as a part of its workforce in order to have a better customer sensitivity and understanding. Creating a local connect in areas it operates helps the Company understand needs and expectations of people based in rural part of India and enables it to offer better services that meets customer requirements.

   The Company believes that effective communication is vital to avoid any kind of misrepresentation, incorrect statements or misleading impressions. Your Company has fully-integrated systems in place and conforms to all laws and standards related to marketing communication, advertising, promotion and sponsorship. The Company's website contains all requisite information, and along with that, its communication approach has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with its customers, knowing the lack of financial knowledge in most Indian villages. The Company's customer communication initiatives like 'Sparsh' and 'Shikhar Sammelan' have generated commendable response.

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

   No

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

   The Company monitors customer satisfaction through CaPS Survey. Customer feedback and satisfaction with the services are recorded in the form of CaPS scores, and this feedback is utilised to create new action plans for the improvement of the Company's products and services. Embracing social media marketing is one such change to not just promote its services, but also receive customer feedback on the same. Your Company's CaPS score was 63 in the last Financial Year. Any organisation's score above 50 is considered exceptional based on this methodology.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR Policy

At Mahindra & Mahindra Financial Services Limited (MMFSL or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with all external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement Projects and initiatives for the betterment of society, communities, and the environment.

Your Company has identified Healthcare, Education and Environment as key CSR thrust areas and is engaged in a number of CSR initiatives directed at Community Development, Employability Enhancement and Environment Sustenance.

The CSR Policy and details of the projects undertaken by the Company are available at the web-link: **http://www.mahindrafinance.com/csr.aspx**.

2. The Composition of the CSR Committee: Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

3. Average net profit of the Company for last three Financial Years: Rs. 1,52,101.83 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 3,042.04 Lakhs

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year: Rs. 3,047.53 Lakhs

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the Financial Year is detailed below:

Statement of CSR activities and expenditure in the Financial Year 2016-17

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2)Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
1	Supporting the PM's clean India campaign by spreading awareness about Swacch Bharat Abhiyan and partnering with Indian Sanitation Coalition (ISC) to drive sustainable sanitation through a partnership mode	(i)	pan-India	17.51	17.51	0.00	17.51	Self-Implemented, Collective Good Foundation
2	Improving health conditions and medical facilities in various villages across the nation by organising blood donation camps, eye check-up camps, health camps and also by providing medical aid	(i)	Anantapur, Hyderabad, Kurnool, Visakhapatnam, Karimnagar, Warangal, Vijayawada, Tirupati (Telangana & Andhra Pradesh), Guwahati, Dibrugarh (Assam), Shillong (Meghalaya), Muzaffarpur, Patna, Purnea (Bihar), Delhi (Delhi), Rajkot (Gujarat), Yamunanagar (Haryana), Kishtwar (Jammu & Kashmir), Shimla (Himachal Pradesh), Gomia, Ranchi, Dhanbad (Jharkhand), Bijapur, Belgaum, Bengaluru, Shimoga, Hubli, Bidar, Mangalore, Gulbarga (Karnataka), Thrissur, Cochin (Kerala), Mumbai, Dindori, Pune, Chandrapur, Nasik, Latur, Kolhapur, Thane, Nagpur (Maharashtra), Satna, Bhopal, Gwalior (Madhya Pradesh), Bhubaneswar (Odisha), Patiala (Punjab), Bikaner, Kota, Jodhpur, Nagaur, Udaipur (Rajasthan), Chennai, Coimbatore, Vellore, Trichy, Salem (Tamil Nadu), Agra, Lucknow, Kanpur, Varanasi, Faizabad, Gorakhpur, Allahabad (Uttar Pradesh), Dehradun, Haridwar (Uttarakhand), Kalchini, Malda, Kolkata, Asansol, Siliguri (West Bengal)	263.22	263.22	0.00	263.22	Self-Implemented, Think Foundation, Genesis Foundation, Family Planning Association of India, Indian Development Foundation, Brindaban Seva Sangham, Siddhivinayak Charitable Trust, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, Nair Charitable Hospital Department Development Foundation

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2)Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
3	Promoting access to healthcare for marginalized populations by providing ambulances	(i)	Nasik & Jalna (Maharashtra), Bilaspur (Chhattisgarh), Indore (Madhya Pradesh), Khordha (Odisha), Murshidabad (West Bengal), Patna (Bihar), Ranchi (Jharkhand), Vijayawada (Andhra Pradesh), Tirunelveli (Tamil Nadu), Palakkad (Kerala), Kodagu (Karnataka), Banswara and Sri Ganganagar (Rajasthan)	90.50	90.50	0.00	90.50	Maratha Vidya Prasarak Samaj Nasik, Jalna Vaidyakiya Seva Pratisthan, Jan Swasthya Sahyog, Geeta Bhavan Trust, Gram-Utthan, Indian Society of Healthcare Professionals, Indian Red Cross Society Bihar State Branch, Ramakrishna Mission, Seva Bharathi, Swami Sivandan Memorial Trust, Swami Vivekananda Medical Mission, Sree Katoor Narayan Nambiar Memorial Education & Charitable Trust, Wagar Seva Sansthan Trust, Tapovan Trust
4	Supporting education of underprivileged girls through project 'Nanhi Kali'	(ii)	Kolkata (West Bengal), Moga (Punjab), Nasik & Mumbai (Maharashtra), Barabanki (Uttar Pradesh), Ratlam (Madhya Pradesh)	405.12	405.12	0.00	405.12	K.C. Mahindra Education Trust
5	Enhancing the state of educational institutions by providing necessary infrastructure to schools and books, stationery & other relevant material to underprivileged children	(ii)	Kurnool (Andhra Pradesh), Guwahati (Assam), Muzaffarpur (Bihar), Gurgaon, Shakarpur (Delhi), Bengaluru (Karnataka), Cochin, Perumbalam, Arookutty, Attingal, Calicut, Trivandrum, Kannur (Kerala), Jalgaon, Nasik, Nagpur, Aurangabad, Osmanabad (Maharashtra), Indore, Satna (Madhya Pradesh), Jodhpur, Udaipur, Nagaur, Sikar (Rajasthan), Madurai, Vellore (Tamil Nadu), Lucknow (Uttar Pradesh), Darjeeling (West Bengal)	99.72	99.72	0.00	99.72	Self-Implemented, Bombay Round Table No. 2 Charitable Trust, Tata-Dhan Academy, Sree Narayana Mandira Samiti, Shree Hariharputra Bhajan Samaj, Nanha Tara Welfare Foundation, Namasankeerthana, G.S.B. Seva Mandal, Sambhav Foundation, Prime Education Health Learning Services, Jnana Prabodhini Solapur, Rotary Borivali East Foundation, Think Foundation, Saraswatam, Naandi Foundation

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2)Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
6	Empowering socially & economically disadvantaged youth by providing intensive training in ITES, Retail and Hospitality in Mahindra Pride School	(ii)	Pune (Maharashtra), Chennai (Tamil Nadu) and Patna (Bihar)	1,060.00	1,060.00	0.00	1,060.00	K.C. Mahindra Education Trust
7	Sensitising community on cashless methods of transaction and Educating school children on the importance of personal finance management	(ii)	Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Andhra Pradesh, Karnataka, West Bengal, Odisha	40.20	40.20	0.00	40.20	Mahindra Foundation
8	Increasing employability of youth and women by imparting knowledge on financial skills and driver training, respectively	(ii)	Mumbai, Palghar (Maharashtra), Lucknow (Uttar Pradesh), Indore, Bhopal (Madhya Pradesh), Bengaluru (Karnataka), Ahmedabad (Gujarat), Muzaffarpur, Patna (Bihar), Delhi (Delhi), Khunti (Jharkhand), Chandigarh (Punjab), Vijayawada (Andhra Pradesh)	166.76	166.76	0.00	166.76	Mahendra Foundation Trust, Azad Foundation, Sri Sathya Sai Books and Publications Trust, Udyogini, Torpa Rural Development Society for Women, Nidan, Association for Non-traditional Employment for Women

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2)Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
9	Encouraging continued education of school going children, undergraduates and post-graduates by providing need based scholarship	(ii)	Hyderabad, Kurnool, Vijayawada, Visakhapatnam & Warangal (Telangana & Andhra Pradesh), Patna (Bihar), Delhi & Delhi NCR (Delhi), Ahmedabad, Palanpur (Gujarat), Raipur (Chhattisgarh), Shimla (Himachal Pradesh), Jammu (Jammu and Kashmir), Ranchi (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut Region, Cochin, Trivandrum (Kerala), Aurangabad, Pune, Nagpur, Nasik, Thane (Maharashtra), Bhopal, Gwalior, Indore, Jabalpur (Madhya Pradesh), Bhubaneswar (Odisha), Jalandhar, Hoshiyarpur (Punjab), Bikaner, Jaipur, Jodhpur, Kota, Udaipur (Rajasthan), Chennai, Coimbatore, Trichy (Tamil Nadu), Allahabad, Varanasi, Faizabad, Meerut (Uttar Pradesh), Siliguri, Kolkata, Malda (West Bengal)	390.60	390.60	0.00	390.60	K.C. Mahindra Education Trust, Sambhav Foundation, Mahindra Foundation
10	Supporting old age homes, orphanages and differently abled homes	(iii)	Warangal (Andhra Pradesh), Palanpur (Gujarat), Karnal (Haryana), Ranchi (Jharkhand), Mangalore (Karnataka), Bhopal, Jabalpur, Ratlam (Madhya Pradesh), Kolhapur, Aurangabad, Palghar, Mumbai (Maharashtra), Bhubaneswar (Odisha), Patiala (Punjab), Jaipur (Rajasthan), Coimbatore (Tamil Nadu), Faizabad (Uttar Pradesh), Ranaghat (West Bengal)	21.31	21.31	0.00	21.31	Self-Implemented, Desire Society, Indian Association For Women's Studies, Vatsalya Foundation, Anand Vruddhashram Seva Trust

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2)Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
11	Aiding environmental conservation and restoration programs such as tree plantation, rain water harvesting & watershed management	(iv)	pan-India	102.68	102.68	0.00	102.68	Self-Implemented, Maharogi Sewa Samiti (Anandvan), Bombay Chamber of Commerce & Industry, International Association for Human Values, Dindayal Bahuddeshiya Prasarak Mandal, Vibhavari, Paryavaran Dakshata Mandal and various local NGOs & Trusts
12	Providing financial support to various organisations that preserve and promote the fine arts and culture	(v)	Mumbai (Maharashtra), Amritsar (Punjab)	9.25	9.25	0.00	9.25	Nritodaya, The Teamwork Fine Arts Society, Anjali Bharat Natyam Research Trust, Dharmishta Mitran & Rasika Rajani Sabha, The Fine Arts Society
13	A sustainable agriculture farming program to ensure prosperity of farmers in drought prone area of Maharashtra	(x)	Wardha (Maharashtra)	332.00	332.00	0.00	332.00	Naandi Foundation
14	CSR Administrative Expenses	Over heads	Bengaluru (Karnataka), Mumbai (Maharashtra)	48.66	0.00	48.66	48.66	
	Total			**3,047.53**	**2,998.87**	**48.66**	**3,047.53**	

Note :

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
(x) Rural development projects.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: Not Applicable.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited

Piyush Mankad
Chairman
Corporate Social Responsibility Committee

Place : Mumbai
Date : 25th April, 2017

ANNEXURE IV TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfsl@mahindra.com Website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit: Mahindra & Mahindra Financial Services Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032. Email : einward.ris@karvy.com Tel. : 040-6716 2222 Fax : 040-2300 1153 Toll Free No. : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Asset Financing	64990	92.94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	51.20%	Section 2(46)
2.	Mahindra Insurance Brokers Limited Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai – 400 018.	U65990MH1987PLC042609	Subsidiary Company	85.00%	Section 2(87)(ii)
3.	Mahindra Rural Housing Finance Limited Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai – 400 018.	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)(ii)
4.	Mahindra Asset Management Company Private Limited Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai – 400 018.	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)(ii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	Mahindra Trustee Company Private Limited Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai – 400 018.	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)(ii)
6.	Mahindra Finance USA LLC Corporate Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.	–	Associate Company	49.00%	Section 2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding

Category of share-holders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
1. Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	29,12,07,660	0	29,12,07,660	51.20	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)	41,63,582	0	41,63,582	0.73	37,23,298	0	37,23,298	0.65	-0.08
Sub-total (A) (1)	**29,53,71,242**	**0**	**29,53,71,242**	**51.93**	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**-0.08**
2. Foreign	0	0	0	0.00	0	0	0	0.00	0.00
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**29,53,71,242**	**0**	**29,53,71,242**	**51.93**	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**-0.08**
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	4,41,36,968	0	4,41,36,968	7.76	5,35,13,071	0	5,35,13,071	9.41	1.65
b) Banks / FI	63,30,301	0	63,30,301	1.11	66,85,035	0	66,85,035	1.17	0.06
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	18,55,000	0	18,55,000	0.33	18,55,000	0	18,55,000	0.33	0.00
f) Insurance Companies	20,28,550	0	20,28,550	0.36	51,26,423	0	51,26,423	0.90	0.54
g) FIIs	19,14,64,366	0	19,14,64,366	33.66	17,28,77,428	0	17,28,77,428	30.40	-3.26
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	**24,58,15,185**	**0**	**24,58,15,185**	**43.22**	**24,00,56,957**	**0**	**24,00,56,957**	**42.21**	**-1.01**

Category of share-holders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	42,44,560	1,72,490	44,17,050	0.78	80,91,439	1,72,490	82,63,929	1.45	0.67
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,40,45,977	5,02,360	1,45,48,337	2.56	1,49,57,736	4,88,233	1,54,45,969	2.72	0.16
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	57,07,629	2,85,710	59,93,339	1.05	61,41,061	2,85,710	64,26,771	1.13	0.08
c) Others (specify)									
Clearing Members	6,29,580	0	6,29,580	0.11	16,25,391	0	16,25,391	0.29	0.18
Non Resident Indians	11,30,036	0	11,30,036	0.20	12,11,823	0	12,11,823	0.21	0.01
Trusts	8,60,191	0	8,60,191	0.15	8,03,162	0	8,03,162	0.14	-0.01
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	2,66,17,973	9,60,560	2,75,78,533	4.85	3,28,30,612	9,46,433	3,37,77,045	5.94	1.09
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,24,33,158	9,60,560	27,33,93,718	48.07	27,28,87,569	9,46,433	27,38,34,002	48.15	0.08
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	56,78,04,400	9,60,560	56,87,64,960	100.00	56,78,18,527	9,46,433	56,87,64,960	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2016)			No. of Shares held at the end of the year (As on 31st March, 2017)			% Change in share-holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	29,12,07,660	51.20	0	29,12,07,660	51.20	0	0.00
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust-Consolidated with other DP	41,63,582	0.73	0	37,23,298	0.65	0	-0.08
	Total	**29,53,71,242**	**51.93**	**0**	**29,49,30,958**	**51.85**	**0**	**-0.08**

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)		No. of Shares held at the end of the year (As on 31st March, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited				
	At the beginning of the year	29,12,07,660	51.20	29,12,07,660	51.20
	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	–	–	–	–
	At the end of the year	29,12,07,660	51.20	29,12,07,660	51.20

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)		No. of Shares held at the end of the year (As on 31st March, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust - Consolidated with other DP				
	At the beginning of the year	41,63,582	0.73	41,63,582	0.73
	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	–4,40,284*	–0.08*	37,23,298	0.65
	At the end of the year	37,23,298	0.65	37,23,298	0.65

Note:

1) There is no change in the total shareholding of the Promoter viz. Mahindra & Mahindra Limited from 1st April, 2016 to 31st March, 2017.

2) *The decrease in the total shares held by the Trust from 41,63,582 shares to 37,23,298 shares is due to ESOP allotment of 4,40,284 shares during the year.

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

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
1.	Franklin Templeton Investment Funds	1,54,71,054	2.72	01.04.2016			1,54,71,054	2.72
				29-04-2016	-5,00,000	Market Sale & Purchase	1,49,71,054	2.63
				13-05-2016	-9,95,602		1,39,75,452	2.46
				20-05-2016	-7,39,700		1,32,35,752	2.33
				27-05-2016	51,417		1,32,87,169	2.34
				17-06-2016	-14,439		1,32,72,730	2.33
				08-07-2016	-6,65,000		1,26,07,730	2.22
				15-07-2016	-6,47,000		1,19,60,730	2.10
				29-07-2016	-17,887		1,19,42,843	2.10
				19-08-2016	2,06,175		1,21,49,018	2.14
				26-08-2016	4,69,303		1,26,18,321	2.22
				02-09-2016	2,34,119		1,28,52,440	2.26
				09-09-2016	-4,228		1,28,48,212	2.26
				16-09-2016	7,26,000		1,35,74,212	2.39
				23-09-2016	1,66,000		1,37,40,212	2.42
				07-10-2016	22,01,000		1,59,41,212	2.80
				04-11-2016	46,000		1,59,87,212	2.81
				11-11-2016	6,83,002		1,66,70,214	2.93
				18-11-2016	5,56,998		1,72,27,212	3.03
		1,72,27,212	3.03	31-03-2017			1,72,27,212	3.03

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
2.	Amansa Holdings Private Limited	1,51,08,462	2.66	01-04-2016		Market Sale & Purchase	1,51,08,462	2.66
				29-04-2016	-1,08,462		1,50,00,000	2.64
				15-07-2016	-4,08,139		1,45,91,861	2.57
				22-07-2016	-57,49,638		88,42,223	1.55
				28-10-2016	-27,77,800		60,64,423	1.07
				25-11-2016	2,37,675		63,02,098	1.11
				30-12-2016	47,530		63,49,628	1.12
				17-02-2017	-1,57,035		61,92,593	1.09
		61,92,593	1.09	31-03-2017			61,92,593	1.09
3.	Aranda Investments (Mauritius) PTE Ltd	1,41,59,390	2.49	01-04-2016		No Change in the Shareholding during the year	1,41,59,390	2.49
4.	Life Insurance Corporation of India	60,01,482	1.06	01-04-2016		No Change in the Shareholding during the year	60,01,482	1.06
5.	JP Morgan Sicav Investment Company (Mauritius) Limited*	55,49,703	0.98	01-04-2016		Market Sale	55,49,703	0.98
				08-04-2016	-7,23,023		48,26,680	0.85
				15-04-2016	-5,81,707		42,44,973	0.75
		42,44,973	0.75	31-03-2017			42,44,973	0.75
6.	Bank Muscat A O G A-C Bank Muscat India Fund	53,80,135	0.95	01-04-2016		No Change in the Shareholding during the year	53,80,135	0.95
7.	FIL Investments (Mauritius) Ltd*	52,23,616	0.92	01-04-2016		Market Sale	52,23,616	0.92
				29-04-2016	-13,39,197		38,84,419	0.68
				18-11-2016	-20,86,118		17,98,301	0.32
				25-11-2016	-17,98,301		0	0.00
		0	0.00	31-03-2017			0	0.00
8.	Stichting Depositary APG Emerging Markets Equity Pool*	50,40,888	0.89	01-04-2016		Market Sale & Purchase	50,40,888	0.89
				10-06-2016	1,39,491		51,80,379	0.91
				29-07-2016	6,47,592		58,27,971	1.02
				05-08-2016	2,21,196		60,49,167	1.06
				02-09-2016	13,04,900		73,54,067	1.29
				09-09-2016	-58,579		72,95,488	1.28
				30-09-2016	-7,60,000		65,35,488	1.15
				07-10-2016	-49,179		64,86,309	1.14
				28-10-2016	-4,48,113		60,38,196	1.06
				04-11-2016	-2,45,041		57,93,155	1.02
				18-11-2016	-5,01,587		52,91,568	0.93
				02-12-2016	-3,77,255		49,14,313	0.86
				03-02-2017	-25,386		48,88,927	0.86
				03-03-2017	-23,466		48,65,461	0.86
		48,65,461	0.86	31-03-2017			48,65,461	0.86

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
9.	ICICI Prudential Balanced Advantage Fund*	62,79,233	1.10	01-04-2016		Market Sale & Purchase	62,79,233	1.10
				29-04-2016	-2,25,013		60,54,220	1.06
				06-05-2016	-94,754		59,59,466	1.05
				10-06-2016	-1,75,206		57,84,260	1.02
				17-06-2016	-28,337		57,55,923	1.01
				24-06-2016	-8,05,590		49,50,333	0.87
				30-06-2016	-6,75,037		42,75,296	0.75
				01-07-2016	-1,43,557		41,31,739	0.73
				08-07-2016	-2,52,990		38,78,749	0.68
				15-07-2016	-3,01,961		35,76,788	0.63
				29-07-2016	-3,18,829		32,57,959	0.57
				12-08-2016	-2,59,021		29,98,938	0.53
				26-08-2016	-1,60,597		28,38,341	0.50
				02-09-2016	-3,44,333		24,94,008	0.44
				09-09-2016	-3,39,016		21,54,992	0.38
				23-09-2016	-3,57,235		17,97,757	0.32
				30-09-2016	-1,26,554		16,71,203	0.29
				07-10-2016	-3,80,648		12,90,555	0.23
				14-10-2016	-4,63,344		8,27,211	0.15
				28-10-2016	-1,29,939		6,97,272	0.12
				13-01-2017	-3,55,417		3,41,855	0.06
				20-01-2017	-3,41,855		0	0.00
		0	0.00	31-03-2017			0	0.00
10.	UTI – MID CAP Fund*	51,59,188	0.91	01-04-2016		Market Sale	51,59,188	0.91
				23-09-2016	-9,76,035		41,83,153	0.74
		41,83,153	0.74	31-03-2017			41,83,153	0.74
11.	Valiant Mauritius Partners Offshore Limited#	22,11,627	0.39	01-04-2016		Market Purchase	22,11,627	0.39
				15-04-2016	7,92,756		30,04,383	0.53
				06-01-2017	36,23,800		66,28,183	1.17
				03-02-2017	1,38,389		67,66,572	1.19
		67,66,572	1.19	31-03-2017			67,66,572	1.19
12.	HDFC Standard Life Insurance Company Limited#	20,16,300	0.35	01-04-2016		Market Sale & Purchase	20,16,300	0.35
				08-04-2016	-2,600		20,13,700	0.35
				22-07-2016	1,00,000		21,13,700	0.37
				29-07-2016	1,00,000		22,13,700	0.39
				05-08-2016	1,50,000		23,63,700	0.42
				02-09-2016	1,37,542		25,01,242	0.44
				09-09-2016	1,12,458		26,13,700	0.46
				16-09-2016	10,600		26,24,300	0.46
				23-09-2016	4,64,400		30,88,700	0.54
				30-09-2016	2,34,800		33,23,500	0.58
				07-10-2016	2,50,000		35,73,500	0.63
				14-10-2016	4,50,000		40,23,500	0.71
				21-10-2016	1,50,000		41,73,500	0.73
				11-11-2016	50,000		42,23,500	0.74
				25-11-2016	2,50,000		44,73,500	0.79
				02-12-2016	88,000		45,61,500	0.80
				23-12-2016	15,521		45,77,021	0.80
				30-12-2016	34,479		46,11,500	0.81
				13-01-2017	-4,500		46,07,000	0.81
				20-01-2017	-4,750		46,02,250	0.81
				27-01-2017	18,450		46,20,700	0.81
				24-02-2017	-700		46,20,000	0.81

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
				03-03-2017	9,63,100		55,83,100	0.98
				10-03-2017	25,000		56,08,100	0.99
				17-03-2017	1,00,000		57,08,100	1.00
				31-03-2017	-8,19,911		48,88,189	0.86
		48,88,189	0.86	31-03-2017			48,88,189	0.86
13.	Valiant Mauritius Partners Limited#	18,09,513	0.32	01-04-2016		Market Sale & Purchase	18,09,513	0.32
				15-04-2016	5,58,917		23,68,430	0.42
				06-01-2017	28,76,200		52,44,630	0.92
				03-02-2017	-1,38,389		51,06,241	0.90
		51,06,241	0.90	31-03-2017			51,06,241	0.90
14.	Vanguard Emerging Markets Stock Index Fund, ASERIE#	45,20,826	0.79	01-04-2016		Market Sale & Purchase	45,20,826	0.79
				08-04-2016	13,384		45,34,210	0.80
				22-04-2016	13,800		45,48,010	0.80
				20-05-2016	-12,535		45,35,475	0.80
				27-05-2016	-1,33,572		44,01,903	0.77
				03-06-2016	-858		44,01,045	0.77
				10-06-2016	12,880		44,13,925	0.78
				24-06-2016	48,576		44,62,501	0.78
				22-07-2016	9,936		44,72,437	0.79
				29-07-2016	30,078		45,02,515	0.79
				05-08-2016	24,123		45,26,638	0.80
				12-08-2016	25,515		45,52,153	0.80
				19-08-2016	36,288		45,88,441	0.81
				09-09-2016	15,750		46,04,191	0.81
				07-10-2016	16,800		46,20,991	0.81
				14-10-2016	11,550		46,32,541	0.81
				21-10-2016	39,375		46,71,916	0.82
				28-10-2016	15,750		46,87,666	0.82
				11-11-2016	34,125		47,21,791	0.83
				25-11-2016	41,475		47,63,266	0.84
				02-12-2016	23,625		47,86,891	0.84
				06-01-2017	13,152		48,00,043	0.84
				13-01-2017	27,948		48,27,991	0.85
				20-01-2017	13,152		48,41,143	0.85
				03-02-2017	39,456		48,80,599	0.86
				17-02-2017	10,960		48,91,559	0.86
				24-03-2017	24,165		49,15,724	0.86
				31-03-2017	23,628		49,39,352	0.87
		49,39,352	0.87	31-03-2017			49,39,352	0.87
15.	Merrill Lynch Markets Singapore PTE. Ltd#	0	0.00	01-04-2016		Market Sale & Purchase	0	0.00
				05-08-2016	4,589		4,589	0.00
				12-08-2016	35,611		40,200	0.01
				19-08-2016	41,335		81,535	0.01
				26-08-2016	4,99,871		5,81,406	0.10
				02-09-2016	-1,33,275		4,48,131	0.08
				09-09-2016	4,846		4,52,977	0.08
				16-09-2016	79		4,53,056	0.08
				23-09-2016	1,24,036		5,77,092	0.10
				30-09-2016	17,500		5,94,592	0.10
				07-10-2016	-27,678		5,66,914	0.10
				14-10-2016	1,948		5,68,862	0.10
				21-10-2016	-28,983		5,39,879	0.09
				28-10-2016	10,000		5,49,879	0.10

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
				04-11-2016	-64,286		4,85,593	0.09
				11-11-2016	-32,045		4,53,548	0.08
				18-11-2016	-18,515		4,35,033	0.08
				25-11-2016	2,08,620		6,43,653	0.11
				02-12-2016	19,97,362		26,41,015	0.46
				09-12-2016	11,04,356		37,45,371	0.66
				16-12-2016	-10,179		37,35,192	0.66
				23-12-2016	-2,39,358		34,95,834	0.61
				30-12-2016	-3,54,248		31,41,586	0.55
				06-01-2017	13,500		31,55,086	0.55
				13-01-2017	-2,14,265		29,40,821	0.52
				20-01-2017	24,585		29,65,406	0.52
				27-01-2017	6,615		29,72,021	0.52
				03-02-2017	7,100		29,79,121	0.52
				10-02-2017	36,890		30,16,011	0.53
				17-02-2017	22,771		30,38,782	0.53
				24-02-2017	69,095		31,07,877	0.55
				03-03-2017	36,655		31,44,532	0.55
				10-03-2017	4,59,509		36,04,041	0.63
				17-03-2017	11,61,345		47,65,386	0.84
				24-03-2017	1,48,741		49,14,127	0.86
				31-03-2017	-24,617		48,89,510	0.86
		48,89,510	0.86	31-03-2017			48,89,510	0.86

@Based on the beneficiary position as at the end of each week.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2017. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2016.

\# Not in the list of Top 10 Shareholders as on 01-04-2016. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2017.

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the company				No. of shares	% of total shares of the Company
A.	**Directors**							
1.	Mr. Dhananjay Mungale Chairman & Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer, Vice-Chairman & Managing Director	6,36,380	0.11	01-04-2016			6,36,380	0.11
				23-12-2016	1,07,052	ESOP Allotment	7,43,432	0.13
		7,43,432	0.13	31-03-2017			7,43,432	0.13
3.	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01
4.	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the company				No. of shares	% of total shares of the Company
5.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2016	0	No Change in the Shareholding during the year	0	0.00
6.	Ms. Rama Bijapurkar Independent Director	50,000	0.01	01-04-2016			50,000	0.01
				02-11-2016	-16,169	Market Sale	33,831	0.01
				03-11-2016	-3,831	Market Sale	30,000	0.01
		30,000	0.01	31-03-2017			30,000	0.01
7.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2016	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2016	0	No Change in the Shareholding during the year	0	0.00
9.	Mr. V. Ravi Executive Director & Chief Financial Officer	4,78,850	0.08	01-04-2016			4,78,850	0.08
				11-01-2017	40,083	ESOP Allotment	5,18,933	0.09
		5,18,933	0.09	31-03-2017			5,18,933	0.09
B.	**Key Managerial Personnel**							
10.	Ms. Arnavaz M. Pardiwala Company Secretary & Compliance Officer	6,580	0.00	01-04-2016			6,580	0.00
				23-12-2016	6,053	ESOP Allotment	12,633	0.00
		12,633	0.00	31-03-2017			12,633	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding-accrued but not due for payment

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	20,31,469.23	4,35,335.00	4,78,426.35	29,45,230.58
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	48,379.44	5,930.43	35,249.54	89,559.41
Total (i+ii+iii)	**20,79,848.67**	**4,41,265.43**	**5,13,675.89**	**30,34,789.99**
Change in Indebtedness during the financial year- Principal Amount				
Addition	20,99,575.45	37,71,425.00	1,45,960.08	60,16,960.53
Reduction	17,44,604.64	35,60,250.00	1,86,090.29	54,90,944.93
Exchange Difference	-4,205.89	0.00	0.00	-4,205.89
Net Change	3,50,764.92	2,11,175.00	-40,130.21	5,21,809.71
Change in Indebtedness during the financial year- Interest accrued but not due				
Addition	83,157.12	13,356.41	32,174.31	1,28,687.84
Reduction	48,379.44	5,930.43	35,249.54	89,559.42
Net Change	34,777.68	7,425.98	-3,075.23	39,128.42
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	23,82,234.15	6,46,510.00	4,38,296.14	34,67,040.29
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	-83,157.12	13,356.41	32,174.31	-37,626.40
Total (i+ii+iii)	**22,99,077.03**	**6,59,866.41**	**4,70,470.45**	**34,29,413.89**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Ramesh Iyer Vice-Chairman & Managing Director	Mr. V. Ravi Executive Director & Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	275.18	141.17	416.35
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.64	3.49	14.13
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	303.87	113.78	417.65
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	-	-	-
	- others	84.91	40.78	125.69
5.	Others (Retirals)	10.34	6.32	16.66
	Total (A)	**684.93**	**305.53**	**990.48**
	Ceiling as per the Act			**10,669.18**
		(being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

B. Remuneration to other directors:

Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhave	Ms. Rama Bijapurkar	
1.	Fee for attending Board/Committee Meetings	9.50	8.90	7.90	7.90	6.40	40.60
2.	Commission	17.00	17.32	17.00	17.00	17.00	85.32
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**26.50**	**26.22**	**24.90**	**24.90**	**23.40**	**125.92**

Non-Executive Non-Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Bharat Doshi#	Mr. V. S. Parthasarathy$	Dr. Anish Shah$	
1.	Fee for attending Board/Committee Meetings	NIL	NIL	NIL	NIL
2.	Commission	45.24	NIL	NIL	45.24
3.	Others	NIL	NIL	NIL	NIL
	Total (2)	**45.24**	**NIL**	**NIL**	**45.24**
	Total (B)=(1+2)				**171.16**
	Overall Ceiling as per the Act				**1,066.92**
		(being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			
	Total Managerial Remuneration (A+B)				**1,161.64**
	Overall Ceiling as per the Act				**11,736.09**
		(being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

Resigned as Chairman and Member of the Board w.e.f. 9th March, 2016.

$ Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER/WHOLE-TIME DIRECTOR

Remuneration to Ms. Arnavaz M. Pardiwala, Company Secretary

Sl. No.	Particulars of Remuneration	Amount Rs. in Lakhs
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.48
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.73
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option*	17.18
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	0
5.	Others (Retirals)	3.03
	Total	**70.42**

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

ANNEXURE V - A TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

The Policy on Remuneration of Directors

Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, Shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/ approved by the NRC/Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/ Executive Directors and Key Managerial Personnel/ Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report/ Website as per statutory requirements laid down in this regard.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

ANNEXURE V - B TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Remuneration Policy for Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is under:

- Fixed pay which has components like basic salary & other allowances/ flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & Superannuation (for certain grades)
- Benefits such as car scheme, medical & dental benefit, loans, insurance, etc; as per grades.

Increments

- Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

ANNEXURE VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2017

To,

The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under and The Companies Act, 1956 and the Rules made there under, to the extent applicable.
(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The following laws, regulations, directions, orders applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934.

b. Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

c. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

d. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

e. Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.

f. Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

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

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for equity and debt securities entered into with BSE Limited and Listing Agreement for equity shares entered into with National Stock Exchange of India Limited.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of the Act / Regulations / Directions as mentioned above in respect of:

a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except the investment in Mahindra Finance USA LLC, a Joint Venture Company.

b) Delisting of equity shares.

c) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

The members have approved an increase in the Borrowing powers of the Company from Rs. 50,000 Crores to Rs. 55,000 Crores, which is over and above the aggregate paid-up share capital and free reserves pursuant to Section 180(1)(c) of the Companies Act, 2013, through a Postal Ballot resolution passed on 16th June, 2016. By the same resolution, the members have approved the issue of Non-Convertible Debentures including subordinated debentures in one or more tranches aggregating upto Rs. 24,500 Crores on a Private Placement Basis, as part of the overall borrowing limits of Rs. 55,000 Crores.

For KSR & Co Company Secretaries LLP

Dr.K.S.Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

Date : 15th April, 2017
Place : Coimbatore

To,
The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KSR & Co Company Secretaries LLP

Dr.K.S.Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

Date: 15th April, 2017
Place: Coimbatore

Management Discussion and Analysis

ECONOMIC OVERVIEW

GLOBAL

The global economy expanded by 3.1% in 2016. Economic activity gained momentum in the second half of 2016, especially in advanced economies. The US economy strengthened following a sluggish start in 2016, primarily driven by strong labour markets and improved household balance sheets. The IMF in its latest World Economic Outlook has revised its projected growth upwards for the United States, reflecting the assumed fiscal policy easing and an uptick in business and consumer confidence, especially after the November elections. If this positivity persists, it will reinforce the cyclical momentum.

In Europe, industrial activity has recovered and economic expectations have risen across several large developed economies. However, it must be admitted that the geopolitical environment continues to be volatile and a matter of concern. The rising tide of protectionism across major economies may also impact global trade and commerce. Besides, there are major structural impediments (low productivity growth and high-income inequality), which continue to hinder a stronger recovery, especially over the medium term in advanced economies.

Among emerging markets and developing economies (EMDEs), the Chinese economy grew by 6.7% in 2016, marginally lower than the 6.9% growth recorded in 2015. This growth was supported by fiscal stimulus policies, encouraged by the Chinese Government, as well as by the continuation of an accommodative monetary policy. In addition, there was weaker than expected activity in some Latin American countries (Argentina, Brazil and Turkey) which faced a sharp contraction in tourism revenues. The Russian economy performed better than expected, in part reflecting firmer oil prices.

GLOBAL GROWTH

(%)

Particulars			Projections	
	2015	2016	2017	2018
World Output	3.4	3.1	3.5	3.6
Advanced Economies	2.1	1.7	2.0	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.7	1.6
Japan	1.2	1.0	1.2	0.6
United Kingdom	2.2	1.8	2.0	1.5
Other Advanced Economies*	2.0	2.2	2.3	2.4
Emerging and Developing Economies	4.2	4.1	4.5	4.8
China	6.9	6.7	6.6	6.2

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

Source: International Monetary Fund (IMF)

Outlook

Global growth is projected to touch 3.6% in 2018, from 3.5% in 2017. Global economic growth will fast-track in 2017 as investment, manufacturing and trade rebound. The improvement in the emerging markets and developing economies with proper investment in human and physical capital will help to facilitate the growth. Growth projections for Germany, Japan, Spain and the United Kingdom have also been estimated to be upwards, on account of a stronger than expected performance during the preceding year.

INDIA

India continues to be one of the world's fastest growing economies, despite operating in a volatile global environment. The GDP for F.Y. 2016-17 touched 7.1%, demonstrating the fact that the country's economic fundamentals continue to be strong.

India also became the sixth largest manufacturing country in the world, rising from the previous ninth position, and thus retaining its bright spot in the global economic landscape. The decline in consumption in the wake of demonetisation, along with slowdown in the industrial sector has resulted in moderated growth rate towards the end of 2017. However, the agricultural sector demonstrated enhanced performance, owing to a favourable monsoon after two consecutive years of drought. The Index of Industrial Production (IIP) was largely subdued during the fiscal due to weakness in the capital goods segment. The Government of

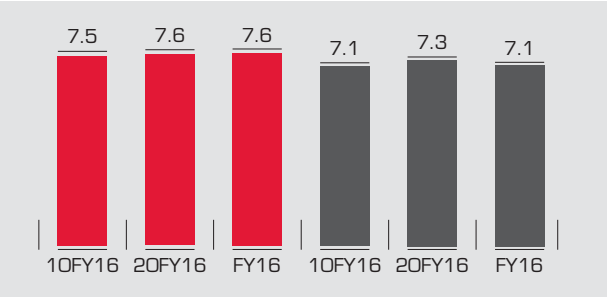
India is expected to meet its fiscal deficit target of 3.5% of GDP in 2017, as tax revenues are predicted to increase, in view of income disclosure scheme announced by the Government in 2017.

2016-17 witnessed two major developments:

- Demonetisation of two highest denomination notes. This was done with a purpose to restrain corruption, counterfeiting and to stop the use of high denomination notes for terrorist activities. Although this policy development had short-term hardships, it is expected to generate long-term benefits.

- A constitutional amendment is paving the way for the implementation of Good and Services Tax (GST). It would replace all the indirect taxes currently in motion at all levels. Levied on manufacture, sale and consumption of goods and services at the national level, it will be a path breaking initiative on jurisdiction free assessment. It would further improve efficiency and bring down corruption while removing the geographic boundaries and enhancing the convenience of e-environment. It would considerably scale down the overall tax burden on goods, augment free movement of goods from one state to another and would also reduce paperwork to a large extent. All these would ultimately result in benefitting end-consumers and will bolster investment and growth.

GDP Growth (2011-12 base) (Y-O-Y, %)



(Estimated)

Outlook

GDP growth is expected to surpass the 7% mark in 2018, after being temporarily impacted by the government's demonetisation initiative in the initial months of 2017.

Demonetisation is likely to leave a positive impact on the economy through greater tax compliance, increased digitalisation and investments in capital formation. The projected fiscal deficit for 2017-18 is 3.2% of the GDP. The fiscal deficit target is achievable, given the expected drive in tax collection after the implementation of GST; and also greater tax compliance after demonetisation. Going ahead, the government's policy measures to boost the economy, corporate earnings and global liquidity are likely to remain the key market drivers.

INDIAN FINANCIAL SERVICES INDUSTRY

India's financial services sector plays a critical role in driving the country's economic growth by providing a wide spectrum of financial and allied services to a large consumer cross-section. In India, the market for financial services sector is still largely untapped. Digital technology, which has transformed the way business is conducted across the world, is projected to be one of the major drivers for the growth of this sector in India as well. An extensive range of financial products are increasingly being sold and delivered using the electronic platform to millions of customers in India. Greater use of digital technology is helping the sector to lower transaction cost, generate higher productivity and reach unexplored markets in the financial ecosystem.

In the current situation where the Government seeks to reduce the economy's dependence on cash, the increased focus on technology acceptance promises to take the sector on a path of rapid growth. The Government's monetary policy initiatives to rationalise interest rates, licence to foreign reinsurance, monetisation alternatives in infra and realty sectors through Real Estate Investment Trusts / Infrastructure Investment Trusts (REITs/INViTs), and focus on micro and SME finance in rural markets are likely to have a positive impact for the sector.

NBFC SECTOR

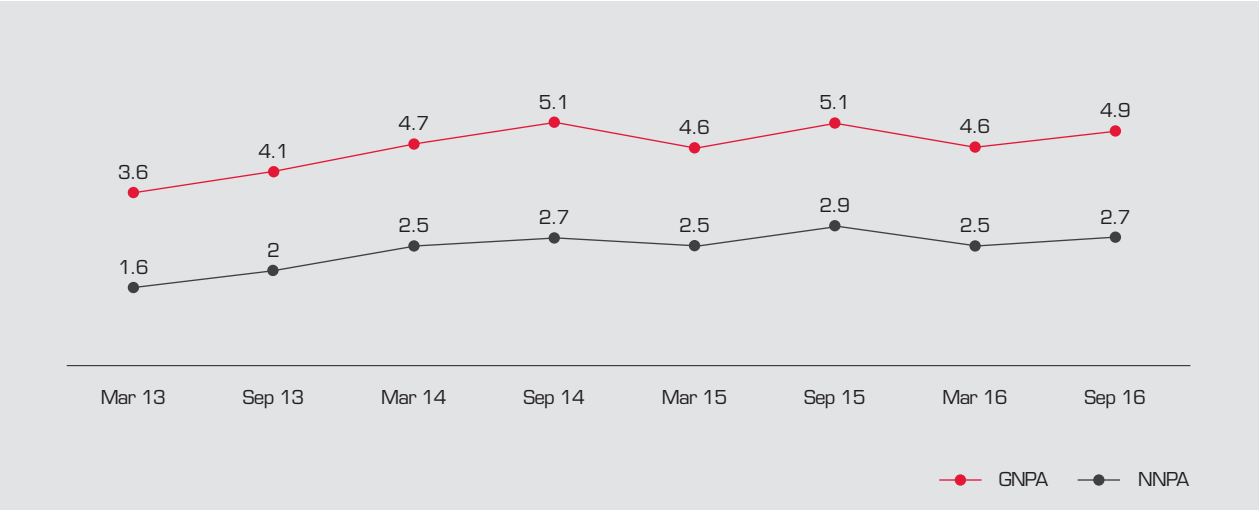
The Non-Banking Financial Companies (NBFCs) sector is integral to the Indian financial landscape. It aids in boosting financial inclusion initiative by lending services to the unbanked population in rural/ semi-urban and urban areas. It also provides services to the micro, small and medium enterprises (MSMEs) segment. Some of the reasons for the success of the sector, include cost efficiency, refined product lines and better customer services. Niche segmentation, simplified procedures and a focused credit approach are believed to be the key factors bolstering the profitability of NBFCs, making them one of the highest value creating business models within the Indian economy.

PERFORMANCE

As per the Financial Stability Report, December, 2016, the overall balance sheet size of all the NBFCs grew by 15.5% during 2015-16 and 8.5% during the first half of 2016-17.

The NBFC sector reported 10.5% growth in loans and advances at the end of September 2016 vis-à-vis 16.6% at the end of March 2016. During the first half of 2016-17, the NBFCs reported Gross Non-Performing Assets (GNPA) of 4.9%, which was 4.6% at the end of 2015-16. In terms of capital adequacy, the sector has not been able to perform well, during the preceding one and a half years. The overall capital adequacy stood at 23.1% at the end of first half of 2016-17 and 24.3% at the end of 2015-16.

Asset Quality of NBFCs



SWOT ANALYSIS

Strengths

- Distinguished financial services provider, with local talent catering to local customers
- Vast distribution network especially in rural areas and small towns, diversified product range and robust collection systems
- Simplified and prompt appraisal and disbursements
- Product innovation and superior delivery
- Ability to meet the expectations of a diverse group of investors and excellent credit ratings
- Innovative resource mobilisation techniques and prudent fund management practices

Weakness

- Regulatory restrictions - continuously evolving Government regulations may impact operations
- Uncertain economic and political environment

Opportunities

- Demographic changes and under penetration
- Large untapped rural and urban markets
- Growth in Commercial Vehicles, Passenger Vehicles and Tractors market
- Use of digital solutions for business/collections

Threats

- High cost of funds
- Rising NPAs
- Restrictions on deposit taking NBFCs
- Competition from other NBFCs and banks

GOVERNMENT INITIATIVES

- Recapitalisation of banks under Indradhanush (comprehensive plan for recapitalisation of public sector lenders, with a view to make sure they remain solvent and fully comply with the global capital adequacy norms, Basel-III) with a Rs. 10,000 crores capital outlay
- Enhanced lending under the Pradhan Mantri Mudra Yojana
- Thrust on affordable housing to boost housing finance
- National Housing Bank to refinance home loans up to Rs. 20,000

Outlook

NBFCs have emerged as substantial contributors to the country's economic growth by having access to certain deposit segments and catering to the specialised credit requirements of certain classes of borrowers. Going forward, the government's initiatives like 'Make in India', 'Start up India' and 'Digital India' are expected to bolster development in India.

For a large and diverse country like India, ensuring financial access to fuel development and entrepreneurship is critical. With the launch of government-backed schemes (such as the Pradhan Mantri Jan-Dhan Yojana [PMJDY]), there has been a substantial increase in the number of bank accounts. As traditional banks are already under stress; NBFCs would be of vital importance and can fill the necessary credit demand gap.

Therefore, the NBFCs need to be well integrated into the financial system to cater to the growing

requirements of the economy. Additionally, the Indian consumer is aggressively adopting digital technology in his/her daily life. Thus, NBFCs need to rethink on their strategies to enhance their product portfolio, processes and customer experience. Besides, they also need to leverage on digital data for better credit decisions (based on analytics) and social media to serve customers better.

AUTOMOTIVE INDUSTRY

India's annual production stood at 25.31 million vehicles (including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle) in 2016-17 as against 23.96 million in 2015-16, registering a growth of 5.41% on a year-on-year basis. The sales of passenger vehicles grew by 9.23% in 2016-17 over the same period last year. In the passenger vehicles segment, passenger cars, utility vehicles and vans grew by 3.85%, 29.91% and 2.37%, respectively during 2016-17 over the same period last year.

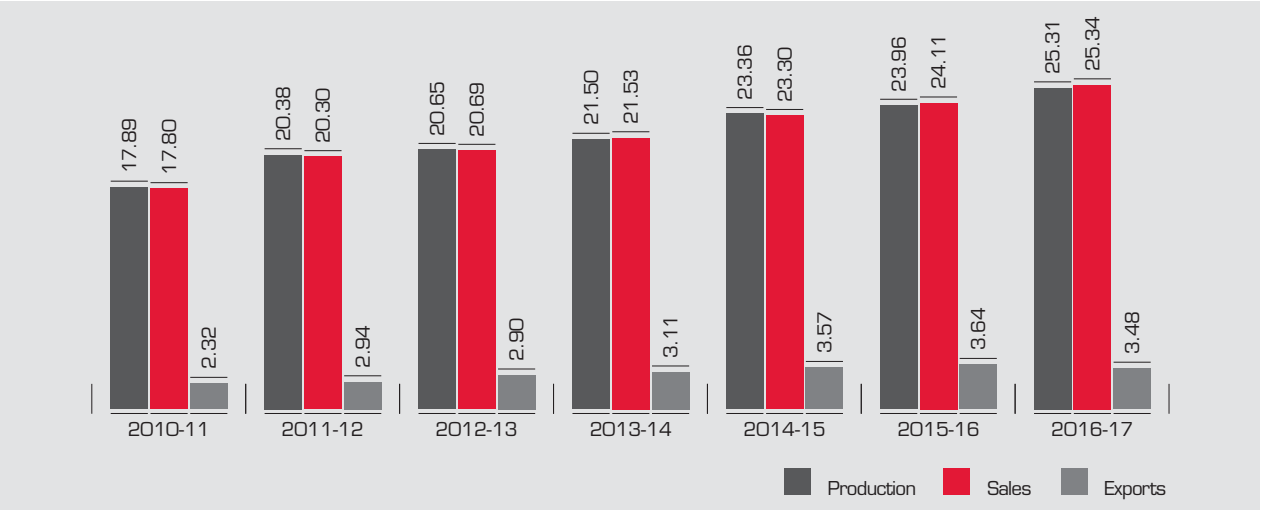
The overall commercial vehicles segment registered a growth of 4.16% in 2016-17, compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04% and Light Commercial Vehicles (LCVs) grew by 7.41% during 2016-17 over the same period last year.

The early part of 2016 saw a recovery trend in automobile sales. Sales were languishing due to low rural demand, following an erratic monsoon in the previous year. The ban on 10-year-old diesel vehicles in some parts of India further aggravated the situation. During the second half of 2016, the sector perceived a strong positive sentiment due to factors such as improved consumer attitude post the Seventh Pay Commission awards, normal monsoon after two successive years of deficit rainfall in most regions, lower financing costs and fuel prices.

As soon as the industry was picking up pace, demonetisation was announced by the government in November 2016. This led to de-growth in the auto industry during December 2016. The automobile market rebounded strongly after a short blip seen in sales in the immediate aftermath of the demonetisation drive. With Budget proposals to improve rural income and reduce the tax burden of lower income groups, the industry is likely to see a strong demand revival.

GST will allow seamless availability of input tax credit across the supply chain - right from manufacturer till it reaches final consumer and across the state borders. This in turn will eliminate the cascading effect of taxes in the supply chain and as a result, the product will be cost-effective. This reduction of product cost will lead to reduced price, increased demand and therefore, contribute to the growth of the business in this sector.

Chart 1: Production, Sales and Exports of Automobiles (Million units)



Source: SIAM

GOVERNMENT INITIATIVES

Some of the key initiatives undertaken by the Government of India comprise:

- Introducing a new Green Urban Transport Scheme, aimed at boosting the growth of urban transport, along low carbon path for substantial reduction in pollution
- Aiming to make India an automobile manufacturing hub through the 'Make in India' initiative, as the passenger vehicles market is projected to increase threefold i.e. 9.4 million units by 2026 (the vision is highlighted in the Auto Mission Plan [AMP] 2016-26)

- Promoting eco-friendly cars in the country i.e. CNG based vehicles, hybrid vehicles and electric vehicles (the Government has also mandated 5% ethanol blending in petrol)
- Pradhan Mantri Kaushal Kendras to be extended to 600 districts from the current level of 60 districts (100 international level skill centres will also be established; skilling will ensure availability of resources to meet the automobile sector needs)
- SANKALP programme to be launched at a cost of Rs. 4,000 crores, imparting market related training to 3.5 crores youth
- STRIVE scheme (at Rs. 2,200 crores) to impart apprenticeship training through industry cluster approach
- Incremental budget allocation of Rs. 6,000 crores, amounting to Rs. 64,900 crores in the development of highways (2,000 km of coastal connectivity through roads identified to provide better network between ports and remote villages).

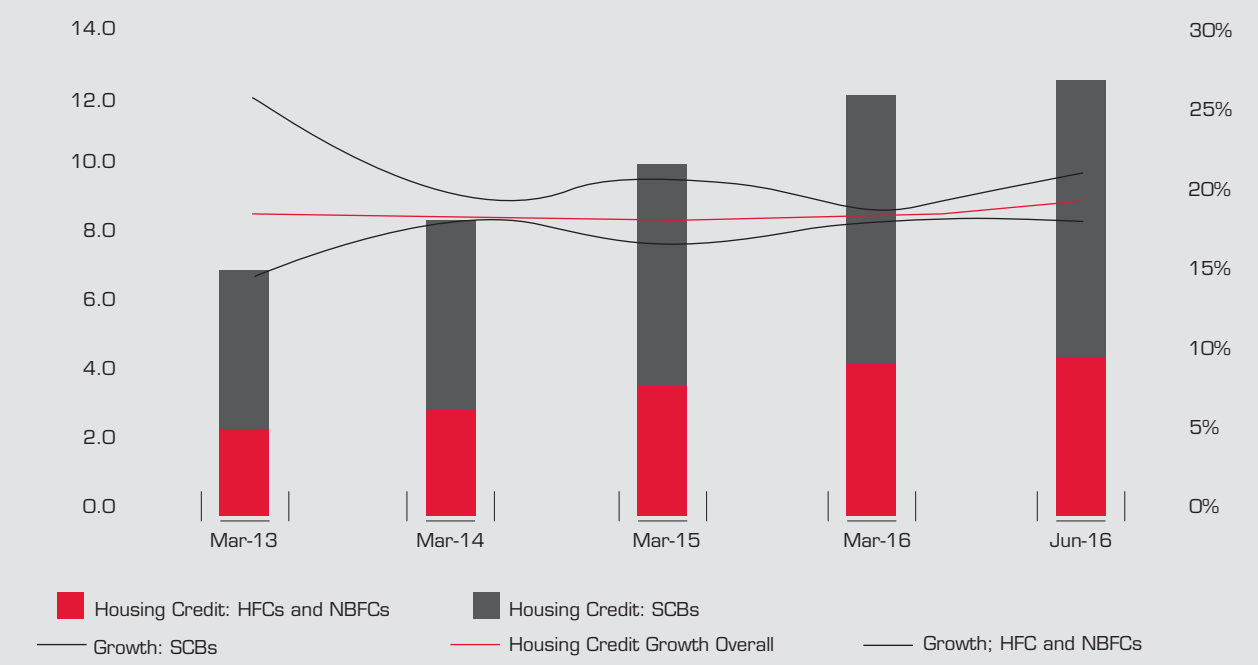
growing by **8%** and **6%**

WITH THE WANING IMPACT OF DEMONETISATION, DOMESTIC VOLUMES HAVE GRADUALLY RECOVERED, WITH INDUSTRY VOLUMES GROWING BY 8% AND 6%, RESPECTIVELY IN DECEMBER 2016 AND JANUARY 2017 (Y-O-Y BASIS).

HOUSING FINANCE

According to ICRA, affordable housing credit growth over the medium to long term is likely to be at around 30%, considerably higher than overall housing credit growth of 16-18%. The segment offers an encouraging growth opportunity and is likely to report reasonable returns over the long term. Given the good growth potential, the segment has become attractive for lenders, which could lead to improved competition in the segment with new HFCs and MFIs entering this business. At the same time, prevailing HFCs are setting up dedicated verticals to cater to the affordable housing segment.

Figure 1: Housing Credit Growth (Rs. Trillion)



With enhanced government focus on affordable housing, including initiatives such as higher allocations under the Pradhan Mantri Awas Yojana (PMAY), addition of the credit-linked subsidy scheme to loans of value upto Rs. 1.2 million, efforts are being made to address the supply side. The demand side and affordability issues are likely to expand the borrower base. Besides, the government's smart cities mission to develop 100 cities across India, and making them citizen friendly and sustainable will catalyse industry growth.

TRACTOR INDUSTRY

According to ICRA Estimates, growth is forecasted at 9-10% in tractor volumes (domestic + exports) in 2017. This growth is primarily facilitated by healthier southwest monsoon and improved farm sentiments. The growth impetus observed a pause in November,

2016, with demonetisation causing cash crunch, resulting in a decline in monthly volumes by 13% (y-o-y basis). With the waning impact of demonetisation, domestic volumes have gradually recovered, with industry volumes growing by 8% and 6%, respectively in December 2016 and January 2017 (y-o-y basis).

There has been retrieval in demand in the central and western regions, led by enhanced farm sentiments on account of estimates of improved crop production and resulting farm cash flows. The northern region continues to hold up pan-India growth. Encouragingly, Uttar Pradesh, the largest tractor market in the region has recorded strong growth. The other key markets such as Rajasthan and Punjab continue to see slow growth, as a result of weak transport and replacement demand, respectively.

The government remains dedicated towards rural development and agriculture mechanisation, a critical component in improving the state of agriculture in the country. Besides, continuous government impetus towards increasing irrigation penetration through fresh allocations will gradually reduce rainfall dependence over the long term. This, together with other factors such as increasing rural wages and shortage of farm labour is likely to encourage growth in industry volumes over the long term.

INFRASTRUCTURE AND REAL ESTATE

The real estate sector is the second largest employer, after agriculture. It constitutes almost 6% of our GDP. In India, urbanisation is the biggest growth driver for real estate, which is driven by growth in business environment in the country and it is estimated that around 10-12 million people are getting urbanised annually. Further, the government is supporting the sector with several initiatives like push to develop 100 cities into smart cities, initiatives like "Housing for all by 2022" for a growing population in rural India assisted by both financial and regulatory support for the buyers and developers.

The demand for housing is expected to remain strong, reinforced by growing population, young demographic profile (half of the population is below the age of 35), shift towards nuclear families and rapid urbanisation. With wide discrepancy in household incomes in the country and high real estate prices, which act as a deterrent for buyers, a major share of this demand will be concentrated in the low cost and affordable housing segments.A major push from the government on roads, railways, and urban infrastructure segments has also helped construction companies improve their order book position.

GOVERNMENT INITIATIVES

- The affordable housing segment has been accorded infrastructure status. Now, the builders in this segment have access to cheaper sources of funds. Affordable housing in tier 2 and 3 cities is expected to receive a major push and attract more investments.

- The government has affirmed that it will construct 1 crore rural houses by 2019. The allocation to Pradhan Mantri Awas Yojana has been increased from Rs. 15,000 crores to Rs. 23,000 crores.

- Fund allocation for development under the Smart Cities projects and AMRUT has been increased to Rs. 9,000 crores. These tailwinds will lead to enhanced activity in the sector, including a hike in funds availability, demand and employment, positively impacting the macro economy.

- The infrastructure sector has been allocated Rs. 3,96,134 crores and the highways over Rs. 60,000 crores. This will improve connectivity within cities and across the country. It will also improve living standards in residential properties on the city outskirts, due to enhanced accessibility and connectivity.

- Phasing out of The Foreign Investment Promotion Board, coupled with the passing of the Real Estate (Regulation and Development) Act, 2016 (RERA), has lent transparency and increased the prospects of FDI in the sector.

- Refinancing of Rs. 20,000 crores worth of loans by the National Housing Bank (NHB) as well as various tax incentives and sops will bring additional money into the market. Numerous industries, including real estate, would be benefited by this move. It is also projected that refinancing would eventually bring down home loan rates, propelling consumer demand across segments.

MUTUAL FUND INDUSTRY

According to Association of Mutual Funds in India (AMFI), the AUM grew from Rs. 12.3 lakh crores in March 2016 to Rs. 17.5 lakh crores in March 2017. The Quarterly Average Assets Under Management (QAAUM) also registered a quarter-on-quarter growth of 8% in the last quarter of 2017. The growth can be credited to strong retail participation and overall market gains. The financial year 2016-17 turned out to be a good year for the mutual fund industry with investors pouring in Rs. 3.4 lakh crores across categories. The net inflows in liquid, income and equity (including Equity Linked Savings Schemes or ELSS) categories have been to the tune of Rs. 1.2

lakh crores, Rs. 0.96 lakh crores, and Rs. 0.70 lakh crores, respectively.

The AUM share of top 10 players, which stood at 78.4% of the total industry AUM as of March 2016 rose to 80.6% at the end of March 2017.

COMPANY OVERVIEW

Mahindra & Mahindra Financial Services Limited ("MMFSL" or "the Company") is a subsidiary of the Indian conglomerate, Mahindra & Mahindra Limited (M&M). It is a leading NBFC, offering a range of financial services to a wide customer cross-section in rural and semi-urban areas. The Company finances the purchase of utility vehicles, tractors, cars, commercial vehicles, used vehicles as well as construction equipment. It has a strong network of 1,182 branches spanning 27 states and 4 Union Territories in India. Against the backdrop of strong customer relationships, the Company is also engaged in other businesses through its subsidiaries, which are:

- Providing loans for buying and renovating homes in rural India through Mahindra Rural Housing Finance Limited.
- Offering insurance solutions to retail customers as well as corporations through Mahindra Insurance Brokers Limited.

CREDIT RATINGS

Type of Instrument	Rating Agency/Rating	Outlook
	CRISIL	
Fixed Deposit Programme	CRISIL FAAA	Stable
Long-term Debt Instruments and Bank Facilities	CRISIL AA+	Stable
Short-term Debt and Bank Loans	CRISIL A1+	-
	India Ratings & Research Private Limited	
Long-term instrument and Subordinated Debt programme	IND AAA	Stable
	Credit Analysis & Research Limited	
Long-term debt instrument and Subordinated Debt programme	CARE AAA	Stable
	Brickwork Ratings India Private Limited	
Long-term Subordinated Debt Issue	BWR AAA	Stable

The AUM Share

THE AUM SHARE OF TOP 10 PLAYERS, WHICH STOOD AT 78.4% OF THE TOTAL INDUSTRY AUM AS OF MARCH 2016 ROSE TO 80.6% AT THE END OF MARCH 2017.

OPERATIONAL REVIEW

The key operational highlights during the year are:

- Increased number of offices to 1,182 as on 31st March, 2017, from 1,167 offices as on 31st March, 2016
- Increased employee base to 17,856 as on 31st March, 2017 as against 15,821 as on 31st March, 2016
- Total income increased to Rs. 6,238 crores in 2016-17 from Rs. 5,905 crores in 2015-16, an increase of 6%
- Assets Under Management (AUM) raised to Rs. 46,776 crores from Rs. 40,933 crores in 2015-16, an increase of 14%
- The customer base reached 4.7 million people, from 4.1 million in 2015-16, an increase of 14.6%

FINANCIAL REVIEW

The following table presents MMFSL's standalone abridged financials for the financial year 2016-17, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in Crores

Particulars	Year ended March 31	
	2017	**2016**
Revenue from operations	6,173.91	5,853.16
Other income	63.62	51.94
Total revenue	6,237.53	5,905.10
Expenses:		
Employee benefits expense	680.90	558.81
Finance costs	2,857.42	2,639.29
Depreciation and amortisation expense	46.02	40.89
Loan provisions and write offs	1,309.13	1,049.53
Other expenses	724.00	578.40
Total expenses	5,617.47	4,866.92
Profit before tax	620.06	1,038.18
Tax expense	219.83	365.58
Profit for the year	400.23	672.60

Key Ratios

Key Indicators	2016-17	2015-16
PBT/Total Income	9.9%	17.6%
PBT/Total Assets	1.4%	2.7%
RONW (Avg. Net Worth)	6.4%	11.5%
Debt/ Equity	5.37:1	4.86:1
Capital Adequacy	17.2%	17.3%
Tier I Capital	12.8%	14.6%
Tier II Capital	4.4%	2.7%
Book Value (Rs.) (excluding ESOPs)	114.2	107.4
NIM (Gross Spread)	8.2%	9.0%

RISK MANAGEMENT

MMFSL has a well-defined risk management architecture, which includes periodic reviews and close monitoring to strengthen business sustainability. The framework sets the technique for risk assessment and mitigation. It focuses on proactively managing uncertainties and volatilities to protect the interest of the Company.

The Key Business Risks and the mitigation measures adopted by the Company are as follows:

LIQUIDITY RISK

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. The reason for this could be due to a decline in the expected collection, or incapability to raise adequate resources at a suitable price. This risk is minimised through diversified funding sources and an ability to increase liquidity through asset sales and securitisation. The Company also maintains a comprehensive amount of liquid assets and keeps access to unsecured funding as a hedge against unexpected requirements.

INTEREST RATE RISK

Movements in domestic interest rates constitute the primary source of interest rate risk. The Company evaluates and manages the interest rate risk on balance sheet through the process of asset-liability management. The Company has an Asset Liability Operating Committee comprising senior officials. The Asset Liability Committee (ALCO) of the Board of Directors lays down policies and quantifiable limits that involve assessment of various types of risks and modifications in assets and liabilities to manage such risks.

OPERATIONAL RISK

Operational risk is caused by inadequate or failed internal processes, systems, people, or caused by external events. Moreover, some of MMFSL's customers are farmers residing in rural and semi-urban areas and its results of operations are affected by risks specific to their businesses. 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 these customers to repay their loans.

We are **dedicated**

WE ARE DEDICATED TO PARTNERING WITH EMPLOYEES AND STRENGTHENING OUR TALENT POOL BY PROVIDING THEM WITH GROWTH AND CAREER ENHANCEMENT OPPORTUNITIES.

The Company's integrated technology structure, backed by its distinct credit policy, helps achieve seamless centralised operations across its pan-India network. Faster loan disbursement through quick credit appraisement has defined the operational benchmarks for the Company. Additionally, regular internal audits provide a check on deviation from any contingent operational inefficiency.

CREDIT RISK

Credit risk refers to the inability or unwillingness of the customer to meet the Company's financial obligations according to the stipulated period. The Company's effective credit management team works persistently to monitor its disbursement profile. In close collaboration with the recovery team and a strong ground workforce, the Company is well equipped in controlling the steep growth in Non-Performing Assets.

COMPETITION RISK

The Company provides loans primarily to customers residing in rural and semi-urban markets. Its primary competitors have been private unorganised 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 unorganised lenders, due to the significant growth in vehicle financing, the Company faces competition from banks, NBFCs and housing finance companies, some of which may have superior technology, more resources, access to cheaper funding or existing office networks, 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 liberalisation measures affecting the vehicle financing sector, together with increased demand for capital, have resulted in increased competition.

The Company may be unable to react effectively to these or other market developments or compete effectively with new and existing players in the

increasingly competitive vehicle finance industry in India. Increasing competition may adversely affect its net interest margins, income and market share, which in turn could have a material adverse effect on the Company's financial condition and results of operations.

The Company's deep rural presence across 3.19 lakh villages in the country gives it an unparallel advantage over others. In addition, the Company's ability to secure low cost funding ensures it maintains sustainable margin levels.

REGULATORY RISK

The Company operates in rural and semi-urban areas, and most of the repayments of the loans disbursed by the Company are received in cash. The Government, in its notification dated 8th November, 2016, declared that the then existing series of bank notes issued by the RBI of Rs. 500 and Rs. 1,000 denominations will cease to be legal tender with effect from 9th November, 2016. Due to demonetisation, liquidity position of the Company's customers and their ability to repay loans borrowed from the Company was adversely affected. The Company has faced slowdown in collections which had an adverse effect on its business. Due to a decrease in repayment from customers, the Company's liquidity and ability to lend was adversely affected, which had a material adverse impact on its business, financial condition and operations.

As a deposit-taking NBFC, MMFSL is 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 NBFC adopts an interest rate model that takes into account relevant factors such as the cost of funds, margin and risk premium.

The Government of India has implemented a comprehensive national Goods and Services Tax (GST) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. GST is a dual levy with state GST and central GST. GST will replace the current taxes and duties such as excise duty, service tax, countervailing duty, special additional duty of customs, VAT, CST, octroi, applicable central and state charges and cesses. Currently, indirect taxes at applicable rates are lower than the applicable rate of GST to MMFSL. Further, new goods and services, which are currently not taxed, may get taxed in the GST regime. Due to these changes in the indirect tax regime, the Company's financial condition and results of operations may be adversely affected.

We have

A LARGE AND DIVERSE WORKFORCE; AND WE CONSTANTLY DESIGN AND IMPLEMENT PROCESSES AND PROGRAMMES TO FOSTER PEOPLE DEVELOPMENT, LEADERSHIP ENRICHMENT AND SKILL ENHANCEMENTS AMONG OUR TEAMS.

Further, the Company may also be required to make changes in its IT infrastructure and other internal processes to adapt to the requirements of GST, once implemented. To ensure compliance with the requirements of the GST laws, the Company may also need to allocate additional resources, which may increase its regulatory compliance costs and divert management attention.

The Company continuously monitors the regulatory compliances. The expertise of the senior management facilitates these compliances. The Company continues its active engagement with the external environment and is investing to enhance solutions across the value chain to prepare itself for the Goods and Services Tax (GST) era.

HUMAN RESOURCE RISK

The Company depends on the services of its management team and employees. Its inability to recruit and retain them may adversely affect its business.

The Company's future success depends substantially on the continued service and performance of members of its management team and employees. 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. Inability to hire additional or retain existing management personnel and employees, may impair the Company's ability to expand its business and adversely affect its revenue. Failure to train and motivate its employees properly may result in an increase in employee attrition rates, require additional hiring, divert management resources, adversely affect its origination and collection rates, increase the Company's exposure to high-risk credit and impose significant costs.

The Company has taken several actions to ensure that the talent pipeline for the Company is strong especially when it comes to key management positions. MMFSL also has a strong focus on ensuring that its employees are adequately trained in their job functions and on all compliance related trainings.

INFRASTRUCTURE RISK

The Company faces difficulties and incurs additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited. MMFSL caters primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote areas, MMFSL may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, implementing technology measures. MMFSL may also face increased costs in conducting its business and operations, implementing security measures and expanding its advertising. The Company cannot assure that such costs will not increase in the future as it expands its network in rural and semi-urban markets, which could adversely affect its profitability.

MMFSL has increased the number of offices from 1,167 in 2015-16 to 1,182 in 2016-17, across 26 States and five Union Territories. The aim is reaching out to people, so that their multifarious requirements can be fulfilled. Mahindra Finance enjoys strategic tie-up with automobile manufacturers, and it is widening its partnerships for superior customer experience.

HUMAN RESOURCES

Behind your Company's reputation of being a customer-centric organisation lies the skills and the commitment of its people. Your Company's people drive the Mahindra Finance brand and the Company consistently strives to build a best-in-class organisational culture to attract, build and retain talent across levels.

Your Company is dedicated to partnering with employees and strengthening its talent pool by providing them with growth and career enhancement opportunities. It has a large and diverse workforce; and it constantly designs and implements processes and programmes to foster people development, leadership enrichment and skill enhancements among its teams.

Learning and development are the cornerstones of your Company's human capital initiatives. The industry training programmes undertaken by the organisation from time-to-time ensure that its team is up to date and experienced with the latest trends and developments in the NBFC industry.

The Company's people philosophy is driven with the singular objective of enabling its team members reach their highest potential in a rapidly changing, hyper-competitive business environment. Your Company's Employment Value Proposition – Growth is a way of Life, People Matter and Employees are Empowered also encompasses its People Philosophy.

Your Company recognises that each individual is different and contributes uniquely to the growth of the organisation. In return, your Company endeavours to reward its team members with fulfilling career paths that leverage their individual talents and suitably incentivise their performances.

Differentiating Mahindra Finance in the market through Proactive HR interventions

- Driving High Performance through working from On demand Seasonal Performance towards Sustained Out-Performance.
- Building a culture of High Tech Touch through anytime anywhere digital Human Resources and Learning Solutions.
- Business HR Partnering by creating Bespoke solutions for Mahindra Finance verticals and subsidiaries.
- Digitisation through Knowledge Management, Internal Media and Robust People Analytics, in order to shift gears from Intuitive to Predictive.

INFORMATION TECHNOLOGY

Information technology has been at the core of all critical initiatives of the organisation and is a key lever for sustainable differentiation in the market. MMFSL deploys technology at the front-end for its field force, branches, distributors and end-customers. The Company's IT strategy is to deploy best of breed solutions from global IT vendors; these include off-the-shelf industry products, enterprise platforms for customer relationship, business processes, analytics, and mobility. The IT infrastructure is a combination of in-house data centre and cloud deployments, supporting high levels of service availability.

The information security posture has been enhanced through deployment of firewalls, end-user device protection, and application assessments. MMFSL leverages the in-house skills of domain knowledge in conjuction with outsourced services for application support and infrastructure management. The Company leverages technology in a forward-looking environment through constant engagement with start-ups, and experimentation of new technology solutions.

INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all its assets and ensure

operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened and corrective actions initiated.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

Your Company manages its affairs with diligence, transparency, responsibility and accountability to generate long-term value for its stakeholders on a continuous and sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

Your Company has been following fair, transparent and ethical governance practices, essential for enhancing long-term shareholder value and retaining investor trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. This has been possible through sustained efforts and commitment to the highest standards of corporate conduct.

Your Company has an active, experienced and a well informed Board. The Board along with its Committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["the Listing Regulations"]. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations, as amended from time to time.

The Board currently comprises nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including a lady Director) is more than one-half of the total number of Directors.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitalisation and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and add value in the decision making process of the Board of Directors in their capacity as Directors of the Company.

Detailed profile of the Directors is available on the Company's website at the **web-link: http://www.mahindrafinance.com/management.aspx**.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence laid down under the Act and the Listing Regulations.

Mr. Ramesh Iyer was re-appointed as the Managing Director designated as "Vice-Chairman & Managing Director" of the Company on expiry of his term of office on 29th April, 2016, for a further period of five years with effect from 30th April, 2016 to 29th April, 2021 by the Members, by means of a Postal Ballot voting process on 16th June, 2016.

The Members have also appointed Mr. V. Ravi, as a Whole-time Director designated as "Executive Director & Chief Financial Officer" of the Company for a period of 5 years with effect from 25th July, 2015 to 24th July, 2020 by way of Postal Ballot on 16th June, 2016.

Dr. Anish Shah was appointed as a Non-Executive Director of the Company by the Board of Directors at its Meeting held on 18th March, 2016. The Members have by means of a Postal Ballot voting process on 16th June, 2016, approved the appointment of Dr. Anish Shah as a Non-Executive Director of the Company.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are Whole-time Directors of your Company. Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors of your Company are in the whole-time employment of Mahindra & Mahindra Limited (M&M), the holding company, and draw remuneration from it. Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Act, none of these Directors has any other pecuniary relationships or transactions with the Company, its Subsidiaries or Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. The Directors of the Company are not *inter-se* related to each other.

The Management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

NUMBER OF BOARD MEETINGS

The Board of Directors met six times during the year under review on 23rd April, 2016, 22nd July, 2016, 25th October, 2016, 29th November 2016, 24th January, 2017 and 23rd March, 2017. The requisite quorum was present for all the Meetings.

The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of section 165 of the Act none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 25 of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than seven listed companies or three listed companies in case he/she serves as a Whole-time Director in any listed company. Further, as mandated by Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are not Independent Directors of any other listed company. Table 1 gives the details.

COMPOSITION OF THE BOARD

As on 31st March, 2017, the Company's Board comprised nine Members. The Chairman of the Board and four Directors are Independent Directors. The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer are Executives of the Company while the remaining two Directors are Non-Executive Non-Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 22nd July, 2016, as also the number of Directorships and Committee positions held by them in Indian public limited companies are as follows:

Table 1: Composition of Board of Directors as on 31st March, 2017

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies#		
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+
			Held	Attended				
Mr. Dhananjay Mungale (Chairman)	Independent	00007563	6	6	Yes	8	5	2
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	00220759	6	6	Yes	6	3	0
Mr. Manohar G. Bhide	Independent	00001826	6	6	Yes	4	2	1
Mr. Piyush Mankad	Independent	00005001	6	6	Yes	4	4	1
Mr. C. B. Bhave	Independent	00059856	6	6	Yes	2	1	1
Ms. Rama Bijapurkar	Independent	00001835	6	6	Yes	4	1	1
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	00125299	6	6	Yes	8	4	2
Mr. V. Ravi (Executive Director & Chief Financial Officer)	Executive	00307328	6	6	Yes	4	4	0
Dr. Anish Shah	Non-Executive Non-Independent	02719429	6	5	Yes	4	2	0

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under section 8 of the Act but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in section 165 of the Act.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the Listing Regulations, two Meetings of Independent Directors were held during the year. These Meetings were conducted informally to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

At these Meetings, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge their duties. Both these Meetings were well attended.

INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director at least seven days before the date of the Board and Committee Meetings in accordance with the provisions of Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. A soft copy of the Board/ Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository. To enable the Board to discharge its responsibilities effectively, the Vice-Chairman & Managing Director apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Executive Director & Chief Financial Officer. A detailed Functional report is also placed before the Board at the Meetings.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are met. The Board also, *inter-alia,* reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, minutes of Meetings of the Audit and other Committees of the Board, approval and adoption of quarterly/half-yearly/ annual results, risk assessment and minimisation procedures, transactions pertaining to purchase/ disposal of property(ies), major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgment or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level. In addition to the above, pursuant to Regulation 24 of the Listing Regulations, the minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee Meetings.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually. The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Board's Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company—its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company. Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations the Company has during the year conducted familiarisation programmes

for its Independent Directors which included visit to Company's Branch/Regional office(s) and interaction with its customers, holding an off-site Board Meeting, detailed presentations on long term vision and strategy of the Company, its business model and operations, digitisation, Industry outlook, Goods and Services Tax, Demonetisation of Specified Bank Notes, Prevention of Insider Trading Regulations, SEBI Listing Regulations, Accounting Standards, Framework for Related Party Transactions, providing Regulatory updates at Board and Audit Committee Meetings, circulating press releases, disclosures made to Stock Exchanges, news and articles related to the Company to provide updates from time to time. Pursuant to Regulation 46 of the Listing Regulations the details of familiarisation programmes are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf**.

REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ("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:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

Remuneration Policy for Key Managerial Personnel and Employees

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half-yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

REMUNERATION PAID TO DIRECTORS

The eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Act. The remuneration payable to eligible Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the eligible Non-Executive Directors, both fixed and variable, takes into consideration various relevant factors, including the overall compensation

policies of the Company pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

The eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company as specifically computed for this purpose. A commission of Rs.92.00 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2017.

In addition, the eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 each for every Audit Committee Meeting, Rs. 30,000 each for every Meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Asset Liability Committee and the Risk Management Committee respectively, and Rs. 20,000 each for every Meeting of the Committee for Strategic Investments (formerly known as "Strategy Committee for Acquisitions").

The Company has not granted Stock Options to any of its Non-Executive Directors during the year under review.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retirals viz. superannuation including gratuity and provident fund (fixed component) and commission and stock options (variable component). The remuneration to the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting/by means of a Postal Ballot voting process.

The NRC while deciding the basis for determining the remuneration of the Executive Directors shall take into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Detailed information of Directors' remuneration for the year 2016-17 is set forth in Table 2.

Table 2: Details of Remuneration paid to Directors for the Financial Year 2016-17

(Rs. in Lakhs)

Name of the Director	Sitting Fees (excluding Service Tax)	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2016 paid during the year under review	Total	Employees Stock Option Scheme 2010+ (ESOS-2010)		
							Number of Stock Options granted in February, 2011 Grant 1$	Number of Stock Options granted in October, 2014 Grant 5$	Number of Stock Options granted in October, 2015 Grant 6$
Whole-time Directors									
Mr. Ramesh Iyer*	N.A.	275.90	304.96@	19.89	84.91	685.60	2,00,140	1,62,173	10,812
Mr. V. Ravi**	N.A.	141.17	117.26@@	6.32	40.78	305.53	77,815	61,319	NIL
Non-Executive Directors									
Mr. Dhananjay Mungale	8.90	N.A.	N.A.	N.A.	17.32	26.22	NIL	NIL	NIL
Mr. Bharat Doshi ^	N.A.	N.A.	N.A.	N.A.	45.24	45.24	NIL	NIL	NIL
Mr. M. G. Bhide	9.50	N.A.	N.A.	N.A.	17.00	26.50	NIL	NIL	NIL
Mr. Piyush Mankad	7.90	N.A.	N.A.	N.A.	17.00	24.90	NIL	NIL	NIL
Ms. Rama Bijapurkar	6.40	N.A.	N.A.	N.A.	17.00	23.40	NIL	NIL	NIL
Mr. C. B. Bhave	7.90	N.A.	N.A.	N.A.	17.00	24.90	N.A.	N.A.	NIL
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	NIL	NIL
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.

Notes:

@ This includes Rs. 303.87 lakhs being perquisite value of ESOPs of the Company exercised during the year.
@@This includes Rs. 113.78 lakhs being perquisite value of ESOPs of the Company exercised during the year
Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

$ ESOS – 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, all the five tranches of 20% each totalling 100% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014, 7th February, 2015 and 7th February, 2016 respectively.

Grant-5: The Stock Options have been granted on 21st October, 2014. Of this, one tranche each of 20% of the total options granted have vested on 21st October, 2015 and 21st October, 2016 on expiry of 12 months and 24 months, respectively from the grant date and the balance number of options would vest in three equal tranches of 20% each on 21st October, 2017, 21st October, 2018 and 21st October, 2019 on expiry of 36 months, 48 months and 60 months, respectively from the date of grant.

Grant-6: Stock Options have been granted on 21st October, 2015. Of this, one tranche of 20% of the total options granted have vested on 21st October, 2016 on expiry of 12 months from the grant date and the balance number of options would vest in four equal tranches of 20% each on 21st October, 2017, 21st October, 2018, 21st October, 2019 and 21st October, 2020 on expiry of 24 months, 36 months, 48 months and 60 months, respectively from the date of grant.

* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 30th April, 2016. There is no separate provision for the payment of severance fees.

** The notice period for the Executive Director & Chief Financial Officer is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 25th July, 2015. There is no separate provision for the payment of severance fees.

^ Resigned as Chairman and Member of the Board with effect from 9th March, 2016.

During 2016-17, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 3 gives details of the shares held by the Non-Executive Directors as on 31st March, 2017.

Table 3: Details of the shares held by the Non-Executive Directors

Name of the Director	Number of Shares held
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	30,000
Mr. C. B. Bhave	Nil
Mr. V. S. Parthasarathy	250
Dr. Anish Shah	Nil

CODES OF CONDUCT

The Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes"). These Codes have been posted on the Company's website at the **web-link: http://www.mahindrafinance.com/corporate-governance.aspx**.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2017.

The said Certificate is attached herewith as Annexure A and forms part of this Report.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company. The Company has a robust organisational structure for managing and reporting on risks.

The Risk Management structure includes identification of elements of risk, including those which in the opinion of the Board, may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD

Your Company has seven Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions"). All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2017, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. Piyush Mankad and Ms. Rama Bijapurkar, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

All the members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to, *inter-alia*, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, 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, approve transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals for related party transactions subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluate internal financial controls and risk management systems, monitor end use of funds raised through public offers, rights issue, preferential issue and related matters, etc.

The Committee is also empowered to inter-alia review the remuneration payable to the Statutory Auditors and Internal Auditors, recommend to the Board the term of appointment and remuneration of the Statutory Auditors and Internal Auditors and recommend a change in the Auditors, if felt necessary. Further, the Committee is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. Generally all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited, the Statutory Auditors, the Senior Vice-President-Operations, the Senior Vice-President-Accounts and the Senior Vice-President-Treasury & Corporate Affairs are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. C. B. Bhave, the Chairman of the Audit Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Audit Committee met seven times during the year on 23rd April, 2016, 22nd July, 2016, 4th August 2016, 30th September, 2016, 25th October, 2016, 23rd January, 2017 (which was reconvened on 24th January, 2017) and 10th February, 2017. The gap between two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in Table 4.

Table 4: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	7	7
Mr. Dhananjay Mungale	7	7
Mr. M. G. Bhide	7	7
Mr. Piyush Mankad	7	7
Ms. Rama Bijapurkar	7	4
Mr. V. S. Parthasarathy	7	6
Dr. Anish Shah	7	7*

*Dr. Anish Shah did not attend the Audit Committee Meeting which was reconvened on 24th January, 2017.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of section 178(1) of the Act and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, *inter-alia*, 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 the 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 the Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005", the "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 terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The scope of the Committee further includes 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. The Committee is also empowered to 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 carry out evaluation of every Director's performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the 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.

The Committee carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, and performance evaluation is carried out based on the responses received from the Directors.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee *inter-alia*, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behaviour and judgment.

All the Committee Members are Independent Directors including the Chairman. As on 31st March, 2017, the Committee comprised four members viz. Mr. Piyush Mankad (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide and Mr. C. B. Bhave.

As per section 178(7) of the Act and Secretarial Standard-2 (SS-2) on General Meetings, issued by the Council of the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Committee met three times during the year under review on 23rd April, 2016, 22nd July, 2016 and 25th October, 2016. The attendance details at Meetings of the Committee are given in Table 5.

Table 5: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	3	3
Mr. M. G. Bhide	3	3
Mr. Dhananjay Mungale	3	3
Mr. C. B. Bhave	3	3

c) Stakeholders Relationship Committee

As on 31st March, 2017, the Stakeholders Relationship Committee comprised four members, viz. Ms. Rama Bijapurkar (Chairperson of the Committee) and Mr. M. G. Bhide, Independent Directors and Mr. Ramesh Iyer and Mr. V. Ravi, Executive Directors of the Company. Ms. Arnavaz M. Pardiwala, Company Secretary is the Compliance Officer of the Company.

The Committee meets, as and when required, to inter-alia, deal with matters relating to transfer/transmission of shares and debentures, approve requests for issue of duplicate share/debenture certificates and monitor redressal of grievances of security holders including shareholders, debentureholders, investors, other security holders relating to transfer/transmission of shares/debentures, non-receipt of Annual Report, non-receipt of dividends declared, non-receipt of interest on Non-Convertible Debentures/Fixed Deposits issued by the Company, non-receipt of Debenture Certificate(s) etc., in a timely manner.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

As per section 178(7) of the Act and the Secretarial Standards, the Chairperson of the Committee or, in his/her absence, any other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Rama Bijapurkar, Chairperson of the Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Committee met twice during the year on 23rd April, 2016 and 25th October, 2016. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Rama Bijapurkar (Chairperson)	2	2
Mr. M. G. Bhide	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2

Details of queries and grievances received and attended to by the Company during the year 2016 -17 are given in Table 7.

Table 7: Complaints/Letters received and attended to during the Financial Year 2016-17

Nature of Complaints/Letters	Pending as on 1st April, 2016	Received during the year	Answered during the year	Pending as on 31st March, 2017
1. Status of Share Application	0	0	0	0
2. Non-Receipt of Electronic Credit	0	0	0	0
3. Non-Receipt of Dividend	0	8	8	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	158	158	0
5. SEBI/ Stock Exchange Complaints	0	2	2	0
6. Non-Receipt of Annual Report	0	5	5	0
7. Requests for Annual Report	0	21	21	0
Total	**0**	**194**	**194**	**0**

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Act and Rules made there under, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Act and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/csr.aspx**.

During the year under review the scope of function of the Committee has been extended to inter alia, include, formulation and recommendation 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.

As on 31st March, 2017, the CSR Committee comprised of four members, viz. Mr. Piyush Mankad, Independent Director, (Chairman of the Committee), Mr. V. Ravi and Mr. Ramesh Iyer, Executive Directors and Dr. Anish Shah, Non–Executive Non–Independent Director, of the Company.

The Committee held four meetings during the year under review. The Committee met on 23rd April, 2016, 22nd July, 2016, 29th November, 2016 and 24th January, 2017.

The attendance details at Meetings of the Committee are given in Table 8.

Table 8: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. Ramesh Iyer	4	4
Mr. V. Ravi	4	4
Dr. Anish Shah	4	3

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

As of 31st March, 2017, the Committee comprised of five members viz. Mr. M. G. Bhide (Chairman of the Committee) and Mr. Dhananjay Mungale, Independent Directors, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer.

The Committee met twice during the year on 23rd April, 2016 and 25th October, 2016. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman)	2	2
Mr. Dhananjay Mungale	2	2
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy	2	2
Mr. V. Ravi	2	2

f) Risk Management Committee

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the erstwhile Clause 49 of the then prevailing Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 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 the Company. Mr. V. Ravi, Executive Director & 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.

During the year under review, Mr. Piyush Mankad, Independent Director of the Company was inducted as a Member of the Committee with effect from 24th January, 2017.

As of 31st March, 2017, the Risk Management Committee comprised Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar and Mr. Piyush Mankad, all Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Committee met on 23rd April, 2016, 22nd July, 2016, 25th October, 2016 and 24th January, 2017.

The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Mr. M. G. Bhide	4	4
Mr. Piyush Mankad*	N.A.	N.A.
Ms. Rama Bijapurkar	4	4
Mr. V. S. Parthasarathy	4	4

*Appointed as a Member of the Committee with effect from 24th January, 2017. No Meeting was held during his tenure.

g) Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions")

The Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions") was constituted by the Board at its Meeting held on 20th March, 2015 to take up for 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.

During the year under review, the Nomenclature of the "Strategy Committee for Acquisitions" has been changed to the "Committee for Strategic Investments".

During the year under review, Dr. Anish Shah, Non-Executive Non-Independent Director of the Company has been inducted as a Member of the Committee with effect from 23rd March, 2017.

As of 31st March, 2017, the Committee for Strategic Investments comprised of Mr. M. G. Bhide and Mr. Dhananjay Mungale, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

The Committee met twice during the year on 11th May, 2016 and 15th February, 2017.

The attendance details at Meetings of the Committee are given in Table 11.

Table 11: Attendance record of Meetings of the Committee for Strategic Investments

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman)	2	2
Mr. Dhananjay Mungale	2	2
Mr. V. S. Parthasarathy	2	1
Dr. Anish Shah*	N.A.	N.A.

*Appointed as a Member with effect from 23rd March, 2017. No Meeting was held during his tenure.

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of the Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any "material subsidiary" during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company's subsidiaries are placed at the Board Meeting for review by the Board

Members. The financial statements of the subsidiary companies are presented to the Audit Committee at every quarterly Meeting. The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary companies.

DISCLOSURES

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining 'material' subsidiaries as defined in Regulation 16(1)(c) of the Listing Regulations. This policy has also been hosted on the website of the Company at the web-link: http://www.mahindrafinance.com/policies.aspx.

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2016-17, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note Number 43 to Standalone Financial Statements in the Annual Report.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations. The Policy on Related Party Transactions is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets since the listing of the Company's Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company has devised and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' ("the Codes").

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of Trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders are provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee. All Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders

associated with the Company can make protected disclosures by sending an email at the designated email id: **mmfsl_whistleblower@mahindra.com**.

The vigil mechanism has been hosted on the Company's website at the weblink: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

SHAREHOLDERS

Re-appointment of Director(s)

The details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting is set forth in Table 12.

Table 12

Name of Director	Mr. Ramesh Iyer
Date of Birth	4th June, 1958
Date of first appointment on the Board	30th April, 2001
Expertise in specific functional areas	Business Development, Finance and Marketing
Qualifications	He holds a Bachelor's Degree in Commerce and a Master's Degree in Business Administration.
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited NBS International Limited Mahindra First Choice Services Limited Mahindra First Choice Wheels Limited Mahindra Finance USA, LLC Finance Industry Development Council (Section 8 Company)
Membership of Committees in Public Limited Companies	
Audit Committee	• Mahindra First Choice Wheels Limited • Mahindra First Choice Services Limited
Nomination and Remuneration Committee	• Mahindra Insurance Brokers Limited • Mahindra Rural Housing Finance Limited • NBS International Limited
Stakeholders Relationship Committee	• Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility	• Mahindra & Mahindra Financial Services Limited • Mahindra Insurance Brokers Limited • Mahindra Rural Housing Finance Limited
Asset Liability Committee	• Mahindra & Mahindra Financial Services Limited • Mahindra Rural Housing Finance Limited
Shareholding of the Director in the Company	• 7,43,432 Equity Shares of Rs. 2 each

Mr. Ramesh Iyer has been the Managing Director of the Company with effect from 30th April, 2001 and is associated with the Company since inception. He has been elevated as Vice-Chairman of the Board of Directors designated as "Vice-Chairman & Managing Director" with effect from 18th March, 2016.

He comes with a wealth of experience in matters relating to business development, finance and marketing. He holds a Bachelor's Degree in Commerce and a Master's Degree in Business Administration.

Mr. Iyer is also the President – Financial Services Sector and a Member of the Group Executive Board of Mahindra & Mahindra Limited, the holding company.

Mr. Iyer is a Member of the Banking & Finance Committee of the Bombay Chamber of Commerce and Industry, the Core Committee of Finance Industry Development Council (FIDC) and the Task Force of NBFCs of Federation of Indian Chambers of Commerce and Industry (FICCI). He is also the Co-Chairman of the Group on Finance & Leasing and Insurance of the Council of Economic Affairs, set up by Society of Indian Automobile Manufacturers (SIAM). Besides this, he is the Chairman of WR HR Council Sub-Committee of CII since 2016 and a member of leadership team of IMD Alumni Club India.

Mr. Iyer is a recipient of various prestigious awards, the most recent ones being, 'Best CEO – Financial Services Sector Mid Cap' award by Business Today, 2 awards in the category 'CEO of the Year' and 'Most Admired Rural Entrepreneur of the Year Award' at The Rural Marketing Forum and Awards, conducted by CMO Asia and also an award in the category 'CEO FINANCIAL SERVICES' at the CEO AWARDS 2015 organised by CEO India magazine. Mr. Ramesh Iyer has also won the "Business Leadership Award" by Indian Achievers Forum in 2015.

Mr. Iyer was also one of the finalists in the CNBC 15th Asia Business Leaders Awards 2016 held in Jakarta, Indonesia and has been recently featured in Business Today magazine in the top 40 BFSI CEOs of India.

Mr. Ramesh Iyer is on the Board of various Mahindra Group Companies.

MEANS OF COMMUNICATION

- The Company regularly interacts with its shareholders, debentureholders and investors through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges and subject specific communications.

- The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Sakal (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.

- The half-yearly financial results of the Company are communicated to the Debentureholders every six months through a half-yearly communiqué.

- The Annual Report of the Company, the quarterly/half-yearly and the annual financial results and official news releases are displayed on the Company's website at **http://www.mahindrafinance.com**.

- The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited and National Stock Exchange of India Limited respectively, viz. BSE Corporate Compliance and Listing Centre and NSE Electronic Application Processing System (NEAPS).

- The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

- The Company has designated **investorhelpline_mmfsl@mahindra.com** as an e-mail ID for the purpose of registering complaints/queries/requests by investors and displayed the same on the Company's website. The Company has also designated **mfinfd@mahindra.com** as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.

- The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. **mmfsl_whistleblower@mahindra.com** for reporting concerns by all Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

The Investor Zone of the Company's website provides Frequently Asked Questions on various topics related to information about the Company, transfer and transmission of shares, dematerialisation of shares, nomination facility, change of address, loss of share certificates, sub-division of shares and payment of dividend. In addition, various downloadable forms such as Share Transfer Form, Nomination Form, Letter of Indemnity in case of issue of duplicate dividend warrant, Shareholders Information Updation Form, etc., required to be executed by the shareholders have also been provided on the website of the Company.

The above information can be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/investorzone-faqs.aspx**.

GENERAL BODY MEETINGS

Table 13: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2013 – 2014	24th July, 2014	3.30 p.m.	Revision in the remuneration of Mr. Ramesh Iyer, Managing Director of the Company.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2014 – 2015	24th July, 2015	3.30 p.m.	Alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association. Approve payment of remuneration by way of commission up to one per cent of the net profits of the Company to the Non-Executive Directors, with effect from 1st April, 2015.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2015 – 2016	22nd July, 2016	3.30 p.m.	None.	Textiles Committee Auditorium, Government of India, Ministry of Textiles, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

No Extraordinary General Meeting of the Shareholders was held during the year.

POSTAL BALLOT

Details of Resolutions passed through Postal Ballot during the Financial Year 2016-17.

During the year, six resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, Practicing Company Secretary was appointed as the Scrutiniser for overseeing the Postal Ballot voting process. The details are as follows:

Date of Postal Ballot Notice : 10th May, 2016
Voting period : 18th May, 2016 to 16th June, 2016
Date of approval : 16th June, 2016
Date of Declaration of Results : 18th June, 2016

1) Special Resolution for Increase in borrowing limits from Rs.50,000 crores to Rs.55,000 crores under section 180(1)(c) of the Act and creation of charge on the Company's assets under Section 180(1)(a) of the Act.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,44,42,315	23,96,441	98.64	1.36
Public Others**	2,62,69,331	36,29,776	10.38	36,29,663	113	100.00	0
Total	**56,87,64,960**	**47,16,76,192**	**82.93**	**46,92,79,638**	**23,96,554**	**99.49**	**0.51**

**Valid votes abstained from voting =17,769

2) Special Resolution for Issue of Non-Convertible Debentures including Subordinated Debentures, in one or more tranches, aggregating upto Rs.24,500 crores on a Private Placement basis.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,44,42,315	23,96,441	98.64	1.36
Public– Others**	2,62,69,331	36,28,576	13.81	36,26,311	2,265	99.94	0.06
Total	**56,87,64,960**	**47,16,74,992**	**82.93**	**46,92,76,286**	**23,98,706**	**99.49**	**0.51**

**Valid votes abstained from voting =18,969

3) Special Resolution for re-appointment of Mr. Ramesh Iyer, Managing Director (DIN: 00220759) designated as "Vice-Chairman & Managing Director" of the Company under the provisions of the Act for a period of 5 (five) years with effect from 30th April, 2016 to 29th April, 2021 on a salary in the scale of Rs. 5,00,000 to Rs. 10,00,000 per month.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,56,25,103	71.07	17,46,17,210	10,07,893	99.43	0.57
Public Others**	2,62,69,331	36,28,546	13.81	36,28,430	116	100.00	0
Total	**56,87,64,960**	**47,04,61,309**	**82.72**	**46,94,53,300**	**10,08,009**	**99.79**	**0.21**

**Valid votes abstained from voting =12,32,652

4) Ordinary Resolution for appointment of Mr. V. Ravi (DIN: 00307328) as a Director of the Company.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,45,26,912	23,11,844	98.69	1.31
Public Others**	2,62,69,331	36,28,446	13.81	36,28,382	64	100.00	0
Total	56,87,64,960	47,16,74,862	82.93	46,93,62,954	23,11,908	99.51	0.49

**Valid votes abstained from voting =19,099

5) Special Resolution for appointment of Mr. V. Ravi (DIN: 00307328) as a Whole-time Director of the Company under the provisions of the Act, designated as "Executive Director & Chief Financial Officer" for a period of 5 (five) years with effect from 25th July, 2015 to 24th July, 2020 on a salary of Rs. 3,00,000 per month in the scale of Rs. 3,00,000 to Rs. 6,00,000 per month.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,56,25,103	71.07	17,46,17,210	10,07,893	99.43	0.57
Public Others**	2,62,69,331	36,28,446	13.81	36,28,321	125	100.00	0
Total	**56,87,64,960**	**47,04,61,209**	**82.72**	**46,94,53,191**	**10,08,018**	**99.79**	**0.21**

**Valid votes abstained from voting =12,32,752

6) Ordinary Resolution for appointment of Dr. Anish Shah (DIN: 02719429) as a Director of the Company, liable to retire by rotation.

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	15,61,11,050	2,07,27,706	88.28	11.72
Public Others**	2,62,69,331	36,28,261	13.81	36,28,150	111	100.00	0
Total	**56,87,64,960**	**47,16,74,677**	**82.93**	**45,09,46,860**	**2,07,27,817**	**95.61**	**4.39**

**Valid votes abstained from voting =19,284

Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and sections 108, 110 and other applicable provisions of the Act read with the Rules prescribed; the Company provides remote electronic voting (e-voting) facility to all its Members to enable them to cast their votes electronically. The Company engages the services of Karvy Computershare Private Limited, its Registrar and Share Transfer Agents, for the purpose of providing e-voting facility to all its Members.

The Members have the option to vote either by physical ballot or e-voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its Members whose names appear on the Register of Members/list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding)/ the Company's Registrar and Share Transfer Agents (in case of physical shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, and other requirements as mandated under the Act and applicable Rules and Secretarial Standard on General Meetings (SS-2). The Company also voluntarily publishes a notice in respect of declaration of results of the Postal Ballot in the newspapers for the information of its Members. The same are also posted on the website of the Company.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutiniser on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The Scrutiniser submits his report to the Chairman or any other authorised Director of the Company, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are accordingly declared by the Company within the stipulated time frame. The Results and the Report of the Scrutiniser are hosted on the Company's website **www.mahindrafinance.com** besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The last date of receipt of the duly completed Postal Ballot Forms or e-voting is deemed to be the date of passing of the resolutions, if approved by the requisite majority.

Resolutions proposed to be passed by way of Postal Ballot

The Company proposes to seek the approval of the Shareholders in respect of the following Special Resolutions by way of Postal Ballot, including e-voting:

1. Increase in Borrowing limits from Rs. 55,000 crores to Rs. 60,000 crores under section 180(1)(c) of the Act and creation of charge on the assets of the Company under section 180(1)(a) of the Act.

2. Issue of Secured/Unsecured Redeemable Non-Convertible Debentures including Subordinated Debentures, in one or more series/tranches, aggregating upto Rs. 29,000 crores, on a Private Placement basis.

3. Place of keeping Registers and Index of Members, Debentureholders and copies of Annual Returns, pursuant to the provisions of section 94 of the Act.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

COMPLIANCE

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Compliance with Non-Mandatory Requirements

The Company has also adopted the following non-mandatory requirements to the extent mentioned below:

Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is an Independent Director and his position is separate from that of the Vice-Chairman & Managing Director.

GENERAL SHAREHOLDERS INFORMATION

27th Annual General Meeting

Date : 24th July, 2017
Time : 3.30 p.m.
Venue : Y. B. Chavan Auditorium,
Yashwantrao Chavan Pratishthan
General Jagannath Bhosle Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June, 2017 - End July, 2017
- Half-year ending 30th September, 2017 – End October, 2017
- Quarter ending 31st December, 2017 – End January, 2018
- Year ending 31st March, 2018 - End April, 2018

Note: The above dates are indicative.

Book Closure
Book Closure for dividend will be from 18th July, 2017 to 24th July, 2017, inclusive of both days.

Dividend Payment
A dividend of Rs. 2.40 per Equity Share of Rs. 2 each, will be paid/dispatched after 24th July, 2017 subject to approval by Shareholders at the ensuing Annual General Meeting.

Registered Office
Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number
L65921MH1991PLC059642

Listing Details

A. Equity Shares
The Company's Shares are listed on :

Name:	The BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	Stock Exchange Codes
BSE	532720
NSE	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares	INE774D01024

B. Non-Convertible Debentures:
The Non-Convertible Debentures (NCDs) of the Company comprise of privately placed NCDs and public issue of Unsecured Subordinated Redeemable NCDs (public NCDs). The NCDs are listed on the Debt Segment of BSE, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the requisite listing fees in full.

The Rupee Denominated Medium Term Note programme is duly listed on the Singapore Exchange Securities Trading Limited, 2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804.

Debenture Trustee:

Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

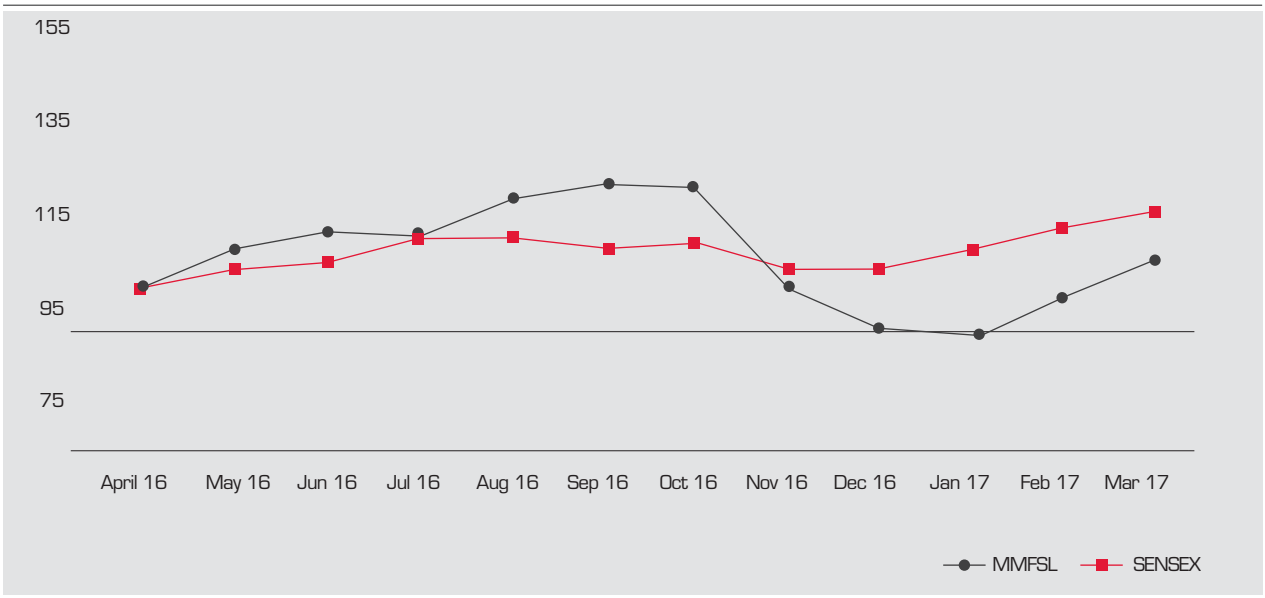
Axis Trustee Services Limited
Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025.
Phone : 022 – 6226 0074/75
Fax : 022 - 4325 3000
Email : debenturetrustee@axistrustee.com

The details are available on the website of the Company at the web-link http://www.mahindrafinance.com/investor-zone-contact.aspx.

Table 2: Monthly High and Low of Company's shares for the Financial Year 2016 - 17 at BSE and NSE

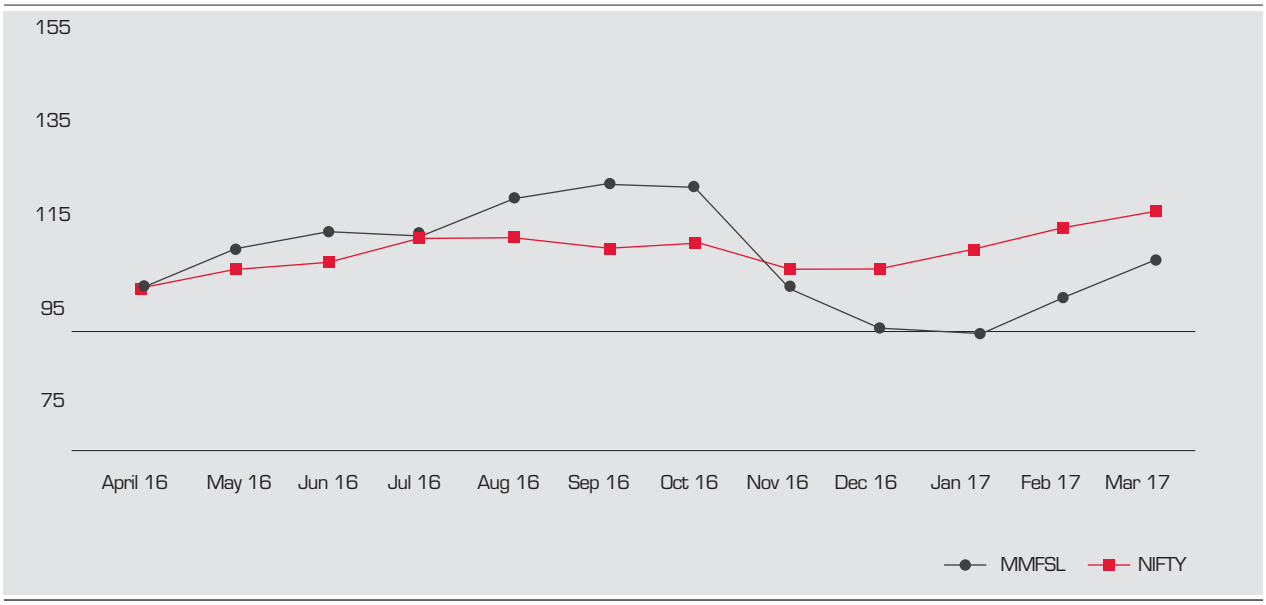
	BSE Limited		National Stock Exchange of India Limited	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2016	314.30	231.70	314.50	231.25
May 2016	332.50	291.20	332.55	291.00
June 2016	341.15	296.50	341.95	296.00
July 2016	364.20	299.00	364.50	299.75
August 2016	360.60	318.50	360.60	318.35
September 2016	370.85	332.00	371.50	331.95
October 2016	405.00	345.15	404.90	346.50
November 2016	362.90	251.75	362.90	251.50
December 2016	301.15	244.35	300.85	244.00
January 2017	301.05	263.65	301.30	263.30
February 2017	309.50	265.00	309.85	264.05
March 2017	338.50	274.10	338.70	274.10

Chart A
MMFSL's share performance versus BSE Sensex



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the Financial Year 2016-17 i.e. 1st April, 2016.

Chart B
MMFSL's share performance versus Nifty



Note: Share prices and Nifty indexed to 100 as on the first working day of the Financial Year 2016-17 i.e. 1st April, 2016

Distribution of Shareholding

Table 3 and Table 4 list the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2017.

Table 3: Shareholding pattern by size as on 31st March, 2017

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	52,757	62,63,185	1.10
501-1000	2,273	17,53,253	0.31
1001-5000	1,928	43,06,187	0.76
5001-10000	302	21,91,441	0.38
10001-20000	173	24,94,658	0.44
20001 and above	524	55,17,56,236	97.01
Total	**57,957**	**56,87,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2017

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	29,49,30,958	51.85
Mutual Funds	5,35,13,071	9.41
FIIs	17,28,77,428	30.39
Bodies Corporate	82,63,929	1.45
Indian Public/HUF	2,18,72,740	3.85
NRIs	12,11,823	0.21
Trusts	8,03,162	0.14
Indian Financial Institutions/Banks	66,85,035	1.18
Venture Capital Funds	18,55,000	0.33
Insurance Companies	51,26,423	0.90
Clearing Members	16,25,391	0.29
Total	**56,87,64,960**	**100.00**

Dematerialisation of Shares

As on 31st March, 2017, 99.83 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Compliance with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations the Company reports the following details in respect of the unclaimed Equity Shares which have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited:

(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 1.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year - 1.

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 25 shareholders representing 4,625 Equity Shares of Rs. 2 each.

(v) The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March, 2017, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

As per the Company's Risk Management Policy, your Company enters into foreign currency swap/derivative transactions 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 crystallised at a rate of exchange prevailing on the date of taking the swap.

Your Company follows the Accounting Policy and Disclosure Norms for swap/derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31st March, 2017 are disclosed in Note Number 35 to the Standalone Financial Statements in the Annual Report.

Plant Locations

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

Registrar and Transfer Agents

Karvy Computershare Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 2300 1153
Email: **support@karvy.com**;
einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited
24-B, Raja Bahadur Mansion,
Ground Floor, 6 Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai - 400 023.
Tel.: + 91 22 66235412/427

Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Vice–Chairman & Managing Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary & Company Officer are authorised jointly to approve transfers of upto 15,000 Equity Shares per transfer provided the transferee does not hold more than 5,00,000 Equity Shares in your Company. The Stakeholders Relationship Committee meets as and when required to inter alia, consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

Secretarial Audit/Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2016-17. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel. : +91 40 6716 2222
Fax : +91 40 2300 1153
Email : support@karvy.com;
einward.ris@karvy.com

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in Bank details and any other query relating to the Equity Shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

Non-Convertible Debentures

Karvy Computershare Private Limited also acts as Registrar and Transfer Agents for the Listed Debentures of the Company. Complaints or queries/requests relating to Public Issue of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: mahindrafinance.ncdipo1@karvy.com. Tel : +91 40 6716 1595. Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, Email Id: einward.ris@karvy.com. Tel. : +91 40 6716 1602.

Fixed Deposits

For the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company, the investors are requested to correspond with the Company at the following address:

Mahindra & Mahindra Financial Services Limited,
FD Processing Centre,
New No. 86, Old No. 827,
Dhun Building, 2nd Floor,
Anna Salai,
Chennai - 600 002.
Toll Free No. 1800 233 5678
Email Id: mfinfd@mahindra.com

For all investor related matters, the Executive Director & Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers, 4th Floor, P. K. Kurne Chowk,
Worli, Mumbai - 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170
Email Id: investorhelpline_mmfsl@mahindra.com
Your Company can also be visited at its website: http://www.mahindrafinance.com

DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place : Mumbai
Date : 25th April, 2017

ANNEXURE A

CEO/CFO Certification

To,
The Board of Directors of
Mahindra & Mahindra Financial Services Limited

We, the undersigned, in our respective capacities as Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer of Mahindra & Mahindra Financial Services Limited ("the Company"), to the best of our knowledge and belief certify that:

a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2017 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee that:

   (i) there have been no significant changes in internal control over financial reporting during this year;

   (ii) there have been no significant changes in accounting policies during this year; and

   (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ramesh Iyer
Vice-Chairman & Managing Director

V. Ravi
Executive Director & Chief Financial Officer

Place : Mumbai
Date : 25th April, 2017

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Mahindra & Mahindra Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by **Mahindra & Mahindra Financial Services Limited ('the Company')**, for the year ended 31st March, 2017, as per Regulations 17-27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility
The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Auditors' Responsibility
We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations during the year ended 31st March, 2017.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use
This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Mumbai, 25th April, 2017

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **Mahindra & Mahindra Financial Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 of the standalone 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 standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the period from April 1, 2016 to March 31, 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and

according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2017, from being appointed as a director in terms of Section 164(2) of the Act.

    f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 44 to the standalone financial statements.

    ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

    iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

    iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that disclosures are in accordance with books of account maintained by the company and as provided by the management – Refer Note no. 42.However, as stated in notes to the standalone financial statements the Company has received amount aggregating Rs. 10.78 Lakhs from transactions which are not permitted;

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Annexure I to the Auditor's Report

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra & Mahindra Financial Services Limited** for the year ended March 31, 2017

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a programme of phased verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed in respect of assets verified during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

II. The Company is in the business of providing Non Banking Financial Services and consequently, does not hold any inventory. Hence, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

V. The Company is a non banking finance company and consequently is exempt from provisions of section 73, 74, 75 and 76 of the Act. Hence, para 3(v) of the Order is not applicable to the Company.

VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) except for the following cases, there are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

Nature of statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	126.80	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax penalty	59.33	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax	523.28	2005-06	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	781.29	2006-07	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	72.82	2007-08	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	7.86	2010-11	Commissioner of Income tax (Appeal)
Value Added Tax	Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court
Maharashtra VAT Act	Value Added Tax	242.31	2010-11	Dy. Commissioner of Sales Tax, Maharashtra
Madhya Pradesh VAT Act	Value Added Tax	0.42	2013-14	Appellate Authority of Commercial Authority
Madhya Pradesh VAT Act	Value Added Tax	1.35	2014-15	Appellate Authority of Commercial Authority
Finance Act, 1994	Service tax	5,342.34	2008-13	CESTAT (tribunal)
Finance Act, 1994	Service tax	70.32	2008-13	Commissioner (Appeals – I), Mumbai

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institution or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, during the year, the Company has raised moneys by way of public issue of Non-convertible Debentures.

In our opinion, and according to the information and explanations given to us, during the year, the amounts raised by way of public issue of non convertible debentures and term loans have been applied for the purpose for which they were obtained.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 176 cases aggregating Rs. 397.06 Lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable. The Company has disclosed the details of transactions with related parties in the Standalone financial statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and holds a valid certificate of registration under the same.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Annexure II to the Independent Auditor's Report

of even date on the Financial Statements of **Mahindra & Mahindra Financial Services Limited**

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

We have audited the internal financial controls over financial reporting of **Mahindra & Mahindra Financial Services Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Balance Sheet

as at March 31, 2017

Rs. in Lakhs

Particulars	Note No.	As at March 31 2017	2016
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	1	11,300.83	11,292.03
b) Reserves and surplus	2	6,36,423.59	5,97,518.70
		6,47,724.42	**6,08,810.73**
2) Non-current liabilities			
a) Long-term borrowings	3	21,45,371.00	17,33,167.65
b) Other Long-term liabilities	4	42,740.10	43,262.99
c) Long term provisions	5	54,890.35	44,820.99
		22,43,001.45	**18,21,251.63**
3) Current liabilities			
a) Short-term borrowings	6	5,86,476.76	4,34,689.28
b) Trade payables	7		
(i) Micro and Small Enterprises		-	-
(ii) Other than Micro and Small Enterprises		66,296.01	47,883.60
c) Other current liabilities	8	8,93,355.26	8,94,622.42
d) Short term provisions	9	1,61,669.29	1,50,690.26
		17,07,797.32	**15,27,885.56**
Total		**45,98,523.19**	**39,57,947.92**
II. ASSETS			
1) Non-current assets			
a) Fixed assets	10		
(i) Tangible assets		10,843.54	10,791.91
(ii) Intangible assets		307.93	555.30
(iii) Capital work-in-progress		49.09	1.85
b) Non-current investments	11	1,31,173.39	99,233.39
c) Deferred tax assets (net)	12	73,166.69	58,527.64
d) Long-term loans and advances	13	22,25,984.99	18,52,646.57
e) Other non-current assets	14	11,223.88	5,176.44
		24,52,749.51	**20,26,933.10**
2) Current assets			
a) Current investments	15	57,775.01	49,100.67
b) Trade receivables	16	582.70	511.24
c) Cash and bank balances	17	57,806.50	58,521.46
d) Short-term loans and advances	18	20,26,351.66	18,13,510.00
e) Other current assets	19	3,257.81	9,371.45
		21,45,773.68	**19,31,014.82**
Total		**45,98,523.19**	**39,57,947.92**
Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

C.B. Bhave
Director

Rama Bijapurkar
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Statement of Profit and Loss

for the year ended March 31, 2017

Rs. in Lakhs

Particulars		Note No.	Year ended March 31 2017	Year ended March 31 2016
I.	Revenue from operations	20	6,17,391.06	5,85,316.11
II.	Other income	21	6,362.76	5,193.94
III.	**Total Revenue (I + II)**		**6,23,753.82**	**5,90,510.05**
IV.	**Expenses:**			
	Employee benefits expense	22	68,089.71	55,880.74
	Finance costs	23	2,85,742.70	2,63,929.19
	Depreciation and amortization expenses	24	4,602.14	4,088.81
	Loan provisions and write offs	25	1,30,912.67	1,04,952.98
	Other expenses	26	72,399.77	57,840.20
	Total Expenses		**5,61,746.99**	**4,86,691.92**
V.	**Profit before exceptional items and taxes (III - IV)**		**62,006.83**	**1,03,818.13**
VI.	Exceptional items (net) - income / (expense)		-	-
VII.	**Profit before tax (V ± VI)**		**62,006.83**	**1,03,818.13**
VIII.	**Tax expense:**			
	Current tax		36,350.00	53,560.00
	Deferred tax		(14,366.66)	(17,001.47)
			21,983.34	**36,558.53**
IX.	**Profit / (Loss) for the year (VII - VIII)**		**40,023.49**	**67,259.60**
X.	Earnings per equity share (Rupees) :	28 (h)		
	(Face value - Rs.2/- per share)			
	(1) Basic		7.09	11.92
	(2) Diluted		7.04	11.83
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

C.B. Bhave
Director

V. Ravi
Executive Director &
Chief Financial Officer

Ramesh Iyer
Vice-Chairman &
Managing Director

Rama Bijapurkar
Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Cash Flow Statement

for the year ended March 31, 2017

Rs. in Lakhs

Particulars		Year ended March 31 2017	2016
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxes and contingencies and exceptional items	62,006.83	1,03,818.13
	Add/(Less):		
	Non Cash Expenses :		
	Depreciation and amortisation expense	4,602.14	4,088.81
	Provision for Non-performing assets	44,233.45	52,596.10
	Bad debts and write offs	84,500.16	51,003.24
	General provision for Standard assets	2,180.00	1,353.00
	Higher provision & provision for diminution in the fair value of restructured advances	(0.94)	0.64
	Employee compensation expense on account of ESOP Scheme	879.82	1,431.06
		1,36,394.63	**1,10,472.85**
	Add/(Less):		
	Income considered separately :		
	Income on investing activities	(6,686.96)	(5,779.77)
	(Profit)/Loss on sale of assets	(15.24)	(107.10)
	(Profit)/Loss on sale of current investments	(88.48)	0.00
	Income from Assignment / Securitisation transactions	(11,936.72)	(20,633.45)
		(18,727.40)	**(26,520.32)**
	Operating profit before working capital changes (I)	**1,79,674.06**	**1,87,770.66**
	Add/(Less) : Working capital changes		
	(Increase)/Decrease in interest accrued others	2,740.80	(1,543.10)
	(Increase)/Decrease in Trade receivables	(71.46)	56.01
	(Increase)/Decrease in Loans and advances	(6,93,424.75)	(5,09,152.36)
		(6,90,755.41)	**(5,10,639.45)**
	Add: Increase / (Decrease) in current liabilities	60,566.23	42,617.63
	(II)	**(6,30,189.18)**	**(4,68,021.82)**
	Cash generated from / (used in) operations (I+II)	**(4,50,515.12)**	**(2,80,251.16)**
	Advance taxes paid	(42,750.27)	(57,890.09)
	Net Cash Generated from / (used in) operating activities (A)	**(4,93,265.39)**	**(3,38,141.25)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed Assets / sotfware	(4,546.05)	(4,321.27)
	Sale of fixed assets	93.96	227.29
	Purchase of investments Other than investments in Subsidiaries and Joint Ventures	(5,23,396.69)	(2,28,979.53)
	Investments in Subsidiary Companies	(14,455.00)	(9,457.22)
	Investments in Joint Venture Company	(3,111.84)	(4,530.31)
	Investments in / maturity of term deposits with banks	12,452.00	10,913.77
	Sale of investments	5,00,437.67	1,80,000.00
	Income received from investing activities	6,525.24	5,505.25
	(Increase) / Decrease in Earmarked balances with banks	(0.53)	5.56
	Net Cash Generated from / (Used In) Investing Activities (B)	**(26,001.24)**	**(50,636.46)**

Cash Flow Statement

for the year ended March 31, 2017

Rs. in Lakhs

Particulars	Year ended March 31 2017	2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of issue expenses)	(1,474.94)	306.04
Increase/(Decrease) in Bank borrowings (net)	(1,07,685.09)	(1,22,402.47)
Increase/(Decrease) in Long term borrowings (net)	5,55,850.00	4,72,325.00
Increase/(Decrease) in Short term borrowings (net)	1,13,775.00	(41,425.00)
Increase/(Decrease) in Fixed deposits (net)	(40,130.21)	10,402.96
Proceeds from Assignment / Securitisation transactions (in the form of EIS, Collection charges recovered etc.)	45,708.90	99,463.75
Dividend paid (including tax on dividend)	(27,126.87)	(27,174.62)
Net cash generated from / (used in) financing activities (C)	**5,38,916.79**	**3,91,495.66**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**19,650.16**	**2,717.95**
Cash and cash equivalents at the beginning of the year	**21,495.24**	**18,777.29**
Cash and cash equivalents at the end of the year (refer note no. 17)	**41,145.40**	**21,495.24**

COMPONENTS OF CASH AND CASH EQUIVALENTS

Rs. in Lakhs

	Year ended March 31 2017	2016
Cash and cash equivalents at the end of the year		
- Cash on hand	1,723.81	1,872.37
- Cheques and drafts on hand	1,258.49	544.49
- Balances with banks in current accounts	38,163.10	19,078.38
Total Cash and cash equivalents (refer note no. 17)	**41,145.40**	**21,495.24**

Note: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

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Director

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Director

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Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

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. 30 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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. 13 and 18).

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. 4 and 8)

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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.10.

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 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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, 2017

NOTES TO THE FINANCIAL STATEMENTS:

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 1 SHARE CAPITAL		
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS Trust but not allotted to employees (37,23,298 equity shares of Rs.2/- each (March 31, 2016 : 41,63,582 equity shares of Rs.2/- each))	74.47	83.27
Total	**11,300.83**	**11,292.03**

	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	56,87,64,960	11,375.30	56,87,64,960	11,375.30
Fresh allotment of shares	-	-	-	-
Balance at the end of the year	**56,87,64,960**	**11,375.30**	**56,87,64,960**	**11,375.30**
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	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	29,12,07,660	5,824.15	29,12,07,660	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. 15.71 Lakhs (March 31, 2016 : Rs. 15.71 Lakhs) in respect of 7,85,275 equity shares of face value of Rs. 2/- each (March 31, 2016 : 7,85,275 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 29,38,023 equity shares of face value of Rs. 2/- each (March 31, 2016 : 33,78,307 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 2 RESERVES AND SURPLUS		
Capital redemption reserve :		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	**5,000.00**
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium reserve:		
Balance as at the beginning of the year	2,03,252.40	2,02,324.25
Add : Additions during the year on account of -		
i) Exercise of employee stock options	1,029.01	928.15
ii) Fresh issue of shares	-	-
	2,04,281.41	**2,03,252.40**
Less :Deductions during the year in respect of expenses related to public issue of Non-convertible Debentures (refer note no.29)	1,653.42	-
Balance as at the end of the year	**2,02,627.99**	**2,03,252.40**
Less: Premium on shares issued to ESOS Trust but not allotted to employees (refer note no.1 (e))	64.39	64.39
Net balance	**2,02,563.60**	**2,03,188.01**
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as at the beginning of the year	1,11,620.62	98,168.62
Add : Transfers from Surplus in the Statement of profit and loss	8,005.00	13,452.00
	1,19,625.62	**1,11,620.62**
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,19,625.62**	**1,11,620.62**
General reserve :		
Balance as at the beginning of the year	51,220.78	44,494.78
Add : Transfers from Surplus in the Statement of profit and loss	4,003.00	6,726.00
	55,223.78	**51,220.78**
Less : Deductions during the year	-	-
Balance as at the end of the year	**55,223.78**	**51,220.78**
Debenture Redemption Reserve (DRR):		
Balance as at the beginning of the year	-	-
Add : Transfers during the year representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public (refer note no.29)	2,649.86	-
	2,649.86	**-**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,649.86**	**-**
Employees stock options outstanding :		
A) Employee Stock Option Outstanding:		
Balance as at the beginning of the year	4,435.68	5,241.45
Add : Fresh grant of options	771.99	139.10
	5,207.67	**5,380.55**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
Note 2 RESERVES AND SURPLUS			
Less : Transfers / reversals during the year			
i) Transfers to Securities premium reserve on exercise of options		1,029.01	928.15
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	**(A)**	**4,114.58**	**4,435.68**
B) Deferred employee compensation :			
Balance as at the beginning of the year		1,994.35	3,599.85
Add : Fresh grant of options		771.99	139.10
		2,766.34	**3,738.95**
Less : Amortisation during the year			
i) Transfers to employee compensation expenses		1,049.50	1,727.88
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	**(B)**	**1,652.76**	**1,994.35**
Balance as at the end of the year	**(A-B)**	**2,461.82**	**2,441.33**
Surplus in Statement of profit and loss :			
Balance as at the beginning of the year		2,24,047.96	2,04,093.23
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India (refer note no.35)		514.68	-
		2,23,533.28	**2,04,093.23**
Add : Profit for the year transferred from the Statement of profit and loss		40,023.49	67,259.60
		2,63,556.77	**2,71,352.83**
Less : Appropriations :			
General reserve		4,003.00	6,726.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934		8,005.00	13,452.00
Debenture redemption reserve (refer note no.29)		2,649.86	-
Proposed dividend on equity shares		-	22,750.60
Corporate dividend tax on equity shares		-	4,376.27
		14,657.86	**47,304.87**
Balance as at the end of the year		**2,48,898.91**	**2,24,047.96**
Total		**6,36,423.59**	**5,97,518.70**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 3 LONG-TERM BORROWINGS		
a) Secured - #		
Non-convertible debentures (refer note no. 47 (i) (a))$	11,77,330.00	7,30,390.00
Term loans :		
- from banks (refer note no. 47 (ii) (a))	4,86,131.28	5,34,273.81
Foreign currency loans from banks (refer note no. 47 (iii) (a))	47,460.87	53,227.83
Total	**17,10,922.15**	**13,17,891.64**
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 48 (i) (a))$	2,11,530.00	1,18,410.00
Fixed deposits (refer note no. 48 (iv) (b))	2,22,918.85	2,96,866.01
Total	**4,34,448.85**	**4,15,276.01**
Total (a+b)	**21,45,371.00**	**17,33,167.65**

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

	As at March 31 2017	As at March 31 2016
Note 4 OTHER LONG-TERM LIABILITIES		
Deposits / advances received against loan agreements (refer note no.33)	3,932.57	2,338.12
Interest accrued but not due on borrowings	33,437.36	31,390.82
Deferred subvention income	2,535.73	2,296.12
Unrealised gains on loan transfers under securitisation transactions (refer note no.36(c))	2,471.88	4,730.46
Cash profit on loan transfers under assignment transactions pending recognition	1.34	5.64
Derivative contract payables	361.22	-
Deferred premium payable to bank under forward exchange contracts on FCNR loans	-	2,501.83
Total	**42,740.10**	**43,262.99**

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 5 LONG-TERM PROVISIONS		
Provision for employee benefits (refer note no. 34)	2,423.59	1,000.81
Others:		
- Provision for Non-performing assets (refer note no. 30 (a))	43,426.43	36,337.76
- Contingent provisions for Standard assets (refer note no. 30 (b)(ii))	9,030.00	7,470.00
- Higher provision on restructured standard advances	7.30	8.52
- Provision for diminution in the fair value of restructured advances	3.03	3.90
Total	**54,890.35**	**44,820.99**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 6 SHORT TERM BORROWINGS		
a) Secured - #		
Term loans from banks (refer note no.49 (i))	70,600.00	28,100.00
Cash credit facilities with banks (refer note no.49 (i))	62,090.05	81,834.60
Total	**1,32,690.05**	**1,09,934.60**
b) Unsecured -		
Loans from banks :		
- Term loans (refer note no.48 (ii) (a))	7,400.00	-
Loans and advances from related parties (ICDs) (refer note no.48 (iii) (a))	55,200.00	30,925.00
Fixed deposits (refer note no. 48 (iv) (a))	25,686.71	17,829.68
Commercial Papers (CPs) (refer note no. 49 (ii))	3,65,500.00	2,76,000.00
Total	**4,53,786.71**	**3,24,754.68**
Total (a+b)	**5,86,476.76**	**4,34,689.28**

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.

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 7 TRADE PAYABLES		
(i) Micro and Small Enterprises (refer note no. 46)	-	-
(ii) Other than Micro and Small Enterprises		
- Finance	45,196.48	31,995.87
- Expenses	21,099.53	15,887.73
Total	**66,296.01**	**47,883.60**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured - #		
Non-convertible debentures (refer note no.47 (i) (b)) $	2,43,380.00	2,34,470.00
Foreign currency loans from banks (refer note no. 47 (iii) (b))	52,099.08	26,932.51
Term loans from banks (refer note no.47 (ii) (b))	2,43,142.86	3,42,240.48
	5,38,621.94	**6,03,642.99**
b) Unsecured -		
Unsecured bonds (subordinate debts) (refer note no. 48 (i) (b)) $	6,880.00	-
Fixed deposits (refer note no. 48 (vii) (c))	1,89,690.58	1,63,730.66
Term loans from banks (refer note no.48 (ii) (b))	-	10,000.00
	1,96,570.58	**1,73,730.66**
Interest accrued but not due on borrowings	95,250.48	58,168.59
Unclaimed dividends ^	52.66	52.14
Unclaimed matured deposits and interest accrued thereon ^	376.37	382.63
Unclaimed interest on subordinated debentures (retail issue) ^	0.05	-
Deposits / advances received against loan agreements (refer note no.33)	5,209.69	1,581.54
Amount received in advance from ESOS trust	138.86	147.66

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 8 OTHER CURRENT LIABILITIES (CONTD.)		
Credit balances in current accounts with banks as per books	23,159.97	21,797.89
Deferred subvention income	2,076.62	2,108.73
Unrealised gains on loan transfers under securitisation transactions (refer note no.36(c))	17,300.26	20,665.25
Cash profit on loan transfers under assignment transactions pending recognition	3.32	17.93
Insurance premium payable	2,413.93	2,947.33
Payables under assignment / securitisation transactions	3,305.85	1,871.91
Taxes deducted at source (TDS) and Service tax liability	3,242.27	3,154.82
Derivative contract payables	259.45	-
Deferred premium payable to bank under forward exchange contracts on FCNR loans	2,286.21	2,181.64
Others	3,086.75	2,170.71
Total	**8,93,355.26**	**8,94,622.42**

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.

^ Investor Education and Protection Fund shall be credited with the unclaimed amount as and when due for transfer.

$ 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

	As at March 31	
	2017	2016
Note 9 (a) SHORT-TERM PROVISIONS		
Employee benefits (refer note no. 34)	4,442.84	4,102.88
Others -		
- Provision for Non-performing assets (refer note no. 30 (a))	1,50,020.20	1,12,875.42
- Contingent provisions for Standard assets (refer note no.30(b) (ii))	7,185.00	6,565.00
- Higher provision on restructured standard advances	15.01	13.79
- Provision for diminution in the fair value of restructured advances	6.24	6.30
- Proposed dividend on equity shares #	-	22,750.60
- Corporate dividend tax #	-	4,376.27
Total	**1,61,669.29**	**1,50,690.26**

(b) Proposed Dividend -

The Board of Directors have proposed a dividend of 120% at Rs. 2.40 per share on equity share of Rs.2/- each (March 2016 : 200% at Rs. 4.00 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.16,097.30 Lakhs (March 2016 : Rs. 27,126.87 Lakhs) including dividend distribution tax.

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 was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has however adjusted the amount of proposed dividend for determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

Note 10 FIXED ASSETS

As at March 31, 2017

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation & Amortisation				Net Block	
	As at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
i) Tangible Assets :										
Premises	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
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**
Total (i+ii)	**28,476.48**	**4,485.12**	**1,258.25**	**31,703.35**	**17,129.27**	**4,602.14**	**1,179.53**	**20,551.88**	**11,151.47**	**11,347.21**

As at March 31, 2016

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	As at April 01, 2015	Additions	Deductions / Adjustments	As at March 31, 2016	As at April 01, 2015	Additions	Deductions / Adjustments	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
i) Tangible Assets :										
Premises	108.92	-	-	108.92	19.41	1.83	-	21.24	87.68	89.51
Computers	5,021.18	805.07	277.74	5,548.51	3,573.68	790.10	277.61	4,086.17	1,462.34	1,447.50
Furniture and fixtures	6,816.95	608.85	66.54	7,359.26	2,857.03	809.10	57.21	3,608.92	3,750.34	3,959.92
Vehicles	5,168.15	994.08	417.06	5,745.17	2,806.47	854.97	312.97	3,348.47	2,396.70	2,361.68
Office equipments	5,998.54	1,646.90	326.64	7,318.80	3,349.41	1,194.54	320.00	4,223.95	3,094.85	2,649.13
Total (i)	**23,113.74**	**4,054.90**	**1,087.98**	**26,080.66**	**12,606.00**	**3,650.54**	**967.79**	**15,288.75**	**10,791.91**	**10,507.74**
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
Total (ii)	**1,868.29**	**527.53**	**-**	**2,395.82**	**1,402.25**	**438.27**	**-**	**1,840.52**	**555.30**	**466.04**
Total (i+ii)	**24,982.03**	**4,582.43**	**1,087.98**	**28,476.48**	**14,008.25**	**4,088.81**	**967.79**	**17,129.27**	**11,347.21**	**10,973.78**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31 2017	As at March 31 2016
Note 11 NON-CURRENT INVESTMENTS			
A) Quoted (at cost) :			
Trade:			
(i) Government securities (refer note no. 11(i))		70,418.03	63,220.81
(ii) Secured redeemable non-convertible debentures (refer note no. 11 (ii) (a))		8,975.00	2,000.01
(Non-current portion of long term investments in secured redeemable non-convertible debentures)			
Non-trade :			
- Units of mutual funds (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. 200.53 Lakhs)		200.00	-
	(A)	**79,593.03**	**65,220.82**
B) Unquoted (at cost) : Non-trade			
(a) Equity investment in subsidiary companies :			
(i) Mahindra Insurance Brokers Limited (2190722 equity shares of face value of Rs.10/- each fully paid up)		47.98	47.98
(ii) Mahindra Rural Housing Finance Limited (refer note no.11 (iii)(a))			
- Fully paid-up : 8,32,40,655 equity shares of Rs.10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share, 87,43,040 equity shares are at a premium of Rs.30/- per share and 1,69,77,612 equity shares are at a premium of Rs.57/- per share. (March 2016 : 6,62,63,043 equity shares of Rs.10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share and 87,43,040 equity shares are at a premium of Rs.30/- per share)		23,252.22	11,877.22
(iii) Mahindra Asset Management Company Private Ltd. (refer note no.11 (iii)(b)) - Fully paid-up : 9,10,00,000 equity shares of Rs.10/- each fully paid up (March 2016 : 6,05,50,000 equity shares of Rs.10/- each fully paid up)		9,100.00	6,055.00
(iv) Mahindra Trustee Company Private Ltd. (refer note no.11 (iii)(c)) - Fully paid-up : 5,00,000 equity shares of Rs.10/- each fully paid up (March 2016 : 1,50,000 equity shares of Rs.10/- each fully paid up)		50.00	15.00
		32,450.20	**17,995.20**
(b) Equity investment in Joint Venture :			
49% Ownership in Mahindra Finance USA, LLC (refer note no.11 (iii)(d)) (Joint venture entity with De LageLanden Financial Services INC. in United States of America)		18,429.16	15,317.32
(c) Equity investment in other entities :			

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 11 NON-CURRENT INVESTMENTS		
New Democratic Electoral Trust (refer note no.11 (iii) (e)) - Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up (March 2016 : 500 equity shares of Rs.10/- each fully paid up)	1.00	0.05
	50,880.36	**33,312.57**
(d) Investment in Bonds / Debentures :		
70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited (Tenure : 5 years and 6 months ; Maturity : 28th Dec, 2018)	700.00	700.00
(B)	**51,580.36**	**34,012.57**
Total (A + B)	**1,31,173.39**	**99,233.39**

Additional Information

Rs. in Lakhs

	As at March 31	
	2017	2016
a) Aggregate amount of quoted investments and market value -		
i) Aggregate amount	79,593.03	65,220.82
ii) Market value *	84,807.78	67,928.16
b) Aggregate amount of unquoted investments	**51,580.36**	**34,012.57**

* 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 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	1,009.88
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	1,009.88
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	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	1000000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	1500000	1,505.17	1,586.44
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	1,057.63
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	2000000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	2500000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	1000000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	2500000	2,500.91	2,601.97

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
MP SDL 8.15%-13/11/2025	100	1100000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	1200000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	1000000	1,001.79	1,031.17
Maharashtra SDL 8.26% 23/12/2025	100	2000000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	2500000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	500000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	1000000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	1000000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	2000000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	1000000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	1000000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	1000000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	1500000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	1000000	1,016.77	1,136.02
Govt Stock 8.83%-12/12/2041	100	1000000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,704.02
Total		**70300000**	**70,418.03**	**75,632.25**

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	1,427.50	1,473.75
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	1,070.70	1,101.48

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Govt Stock 8.20%-15/02/2022	100	1000000	1,005.27	1,014.70
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.54	1,014.70
Govt Stock 8.13%-21/09/2022	100	1500000	1,506.11	1,520.23
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	1,013.49
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	2,030.88	2,117.00
Govt Stock 9.15%-14/11/2024	100	2500000	2,648.71	2,710.06
Govt Stock 9.15%-14/11/2024	100	1000000	1,099.95	1,084.02
MP SDL 8.15%-13/11/2025	100	2500000	2,501.01	2,498.96
TN SDL 8.27%-23/12/2025	100	1000000	1,002.00	1,011.09
UP SDL 8.39% 27/01/2026	100	500000	500.66	500.67
UP SDL 8.39% 27/01/2026	100	1000000	1,001.31	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,062.09	2,028.40
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,056.81
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	1,016.75	1,028.40
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,542.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,057.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,057.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,028.50
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.33	2,057.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,026.39	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,027.65	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	515.47	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.33	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	524.88	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,040.09	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,594.21	1,624.03
Govt Stock 8.97%-05/12/2030	100	1000000	1,104.47	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,088.07	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,624.03
Govt Stock 8.97%-05/12/2030	100	2000000	2,191.79	2,165.37
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,567.88
Govt Stock 8.32%-02/08/2032	100	1000000	1,010.56	1,032.15
Govt Stock 8.32%-02/08/2032	100	1000000	1,031.88	1,032.15
Govt Stock 8.24%-10/11/2033	100	1000000	1,026.53	1,028.50
Govt Stock 8.33%-07/06/2036	100	1500000	1,549.82	1,552.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,548.90
Govt Stock 8.83%-12/12/2041	100	1000000	1,017.45	1,092.05
Govt Stock 8.83%-12/12/2041	100	1000000	1,022.75	1,092.05
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,638.08
Total		**63500000**	**63,220.81**	**65,928.15**

Quoted investments of Rs. 70,418.03 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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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 FV RS.10 Lakhs	75	750	0.00	156.25	156.25
3	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS.10 Lakhs	75	750	0.00	156.25	156.25
4	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS.10 Lakhs	80	800	0.00	166.67	166.67
5	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS 10 Lakhs	300	3,000	0.00	625.00	625.00
6	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS.10 Lakhs	200	2,000	0.00	416.67	416.67
7	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS. 250000	150	1,500	0.00	312.50	312.50
8	UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28JUNE19 FV RS.10 Lakhs	800	8,000	5,600.00	2,400.00	8,000.00
9	PUDHUAARU FINANCIAL SERVICES PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FV RS.10 LAKH	150	1,500	750.00	750.00	1,500.00
10	SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FV RS.10 Lakhs	150	1,500	750.00	750.00	1,500.00
11	SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FV RS.10 Lakhs	150	1,500	750.00	750.00	1,500.00
12	SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FV RS.10 Lakhs	75	750	375.00	375.00	750.00
13	ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FV RS.10 Lakhs	150	1,500	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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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 FV RS.10 Lakhs	100	1,000	-	416.67	416.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS.10 Lakhs	75	750	-	187.50	187.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS.10 Lakhs	100	1,000	-	416.67	416.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS.10 Lakhs	75	750	-	187.50	187.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS.10 Lakhs	150	1500	-	625.00	625.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16FV RS.10 Lakhs	75	750	-	187.50	187.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS.10 Lakhs	75	750	-	187.50	187.50
8	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS.10 Lakhs	100	1,000	-	250.00	250.00
9	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	200	2,000	-	833.33	833.33
10	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS.10 Lakhs	150	1,500	-	375.00	375.00
11	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS.10 Lakhs	150	1,500	-	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 FV RS.10 Lakhs	75	750	156.25	375.00	531.25
16	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS.10 Lakhs	80	800	166.67	400.00	566.67
17	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS.10 Lakhs	300	3,000	625.00	1,500.00	2,125.00
18	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS.10 Lakhs	200	2,000	416.67	1,000.00	1,416.67

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

Sr. No	ISIN Description	Total Quantity	Face Value (Rs. In Lakhs)	(a) Non Current	(b) Current	Total
19	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS. 750000	150	1,500	312.50	750.00	1,062.50
	Total			**2,000.01**	**9,279.17**	**11,279.18**

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.11,375.00 Lakhs (March 31, 2016 : Rs. 3,497.22 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.3,045.00 Lakhs (March 31, 2016 : Rs. 5,950.00 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.3,111.84 Lakhs equivalent to US $ 4.64 million (March 31, 2016 : Rs. 4,530.31 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 LageLanden Financial Services Inc. in United States.

e) Rs.0.95 Lakhs (March 31, 2016 : Rs.0.05 Lakhs) 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.

Rs. in Lakhs

		As at March 31	
		2017	**2016**
Note 12	**DEFERRED TAX ASSETS (NET)**		
a) Deferred tax assets			
Provision for Non performing assets / loss & expenses on assignments		65,016.56	51,650.95
Provision on standard assets		5,611.69	4,857.23
Other disallowances		1,247.09	1,083.16
Difference between written down value of assets as per books of account and Income Tax Act, 1961		1,291.35	936.30
	(a)	**73,166.69**	**58,527.64**
b) Deferred tax liabilities			
Difference between written down value of assets as per books of account and Income Tax Act, 1961		-	-
	(b)	-	-
Net Deferred tax assets	(a) - (b)	**73,166.69**	**58,527.64**

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1)(viia) of the Income tax Act, 1961

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated :		
Capital advances	20.77	7.08
Deposits for office premises / others	2,221.04	2,052.59
Loans against assets (secured, including overdue loans) #	22,00,550.96	18,30,167.57
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 52 (IV) (a))	40.85	162.02
Retained interest under assignment transactions	145.90	150.75
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(c))	2,471.88	4,730.45
Loans and advances (including overdue loans) @	3,205.94	4,448.73
Advance payment of taxes (net of provisions)	17,327.65	10,927.38
# Includes non-performing assets of Rs. 79,449.03 Lakhs (March 2016 : Rs.66,283.31 Lakhs) (refer note no. 5, 9 and 30 (a))		
@ Includes non-performing assets of Rs.415.48 Lakhs (March 2016 : Rs.387.57 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**22,25,984.99**	**18,52,646.57**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with original maturity greater than 12 months		
- Free	294.00	-
- Under lien (refer note no. 17 (a))	10,929.88	3,310.23
Derivative contract receivables	-	459.52
Exchange gain receivable on forward contract on FCNR loans	-	391.45
Deferred premium on FCNR loan forward contracts	-	1,015.24
Total	**11,223.88**	**5,176.44**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 15 CURRENT INVESTMENTS		
i) Quoted -		
Secured redeemable non-convertible debentures(refer note no. 11 (ii) (b))	7,775.01	9,279.17
(Current portion of long term investments in secured redeemable non-convertible debentures)		
Units of mutual funds (refer note no. 15 (a))	27,500.00	-
	35,275.01	**9,279.17**
ii) Unquoted (at cost) :		
Certificate of deposits with banks (refer note no. 15 (b))	-	24,821.50
Commercial Papers (refer note no. 15 (c))	22,500.00	15,000.00
	22,500.00	**39,821.50**
Total	**57,775.01**	**49,100.67**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Additional Information :

Rs. in Lakhs

	As at March 31	
	2017	2016
Aggregate amount of quoted investments and market value -		
i) Aggregate amount	35,275.01	9,279.17
ii) Market Value *	35,283.26	9,279.17
Aggregate amount of unquoted investments	22,500.00	39,821.50

* 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

Rs. in Lakhs

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	2375664.60	1,052.64	25,000.00	25,007.09
Mahindra Mutual Fund	Mahindra ALP Samay Bachat Yojana – Direct – Growth	247640.16	1,009.99	2,500.00	2,501.16
Total				**27,500.00**	**27,508.25**

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	100,000	5000	4,992.89
IDBI BANK	100,000	10000	9,982.22
ORIENTAL BANK OF COMMERCE	100,000	10000	9,846.39
Total		**25000**	**24,821.50**

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	500,000	1500	7,500.00
IFMR CAPITAL FINANCE PRIVATE LIMITED	500,000	1500	7,500.00
FIVE STAR BUSINESS FINANCE LIMITED	500,000	500	2,500.00
SATIN CREDITCARE NETWORK LIMITED	500,000	1000	5,000.00
Total		**4500**	**22,500.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

As at March 31, 2016

Rs. in Lakhs

Particulars	Face Value (Rs.)	Total (qty)	Amount
IFMR CAPITAL FINANCE PRIVATE LIMITED	500,000	500	2,500.00
IFMR CAPITAL FINANCE PRIVATE LIMITED	500,000	1,000	5,000.00
JANALAKSHMI FINANCIAL SERVICES LIMITED	500,000	1,500	7,500.00
Total		**3,000**	**15,000.00**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 16 TRADE RECEIVABLES		
Secured, considered doubtful unless otherwise stated :		
Trade receivable on hire purchase transactions # (outstanding for a period exceeding six months from the date they are due for payment)	374.19	374.19
Unsecured, considered good unless otherwise stated :		
Debts outstanding for a period exceeding six months from the date they are due for payment	0.47	-
Debts outstanding for a period not exceeding six months from the date they are due for payment	208.04	137.05
# Includes non-performing assets of Rs.374.19 Lakhs (March 2016 : Rs.374.19 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**582.70**	**511.24**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 17 CASH AND BANK BALANCES		
Cash and cash equivalents :		
- Cash on hand	1,723.81	1,872.37
- Cheques and drafts on hand	1,258.49	544.49
- Balances with banks in current accounts	38,163.10	19,078.38
	41,145.40	**21,495.24**
Other bank balances :		
Earmarked balances with banks -		
- Unclaimed dividend accounts	53.98	53.45
Term deposits maturing within12 months	1,862.00	92.00
Term deposits under lien (refer note no. 17 (a))	14,745.12	36,880.77
	16,661.10	**37,026.22**
Total	**57,806.50**	**58,521.46**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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	5,563.00	766.00	6,329.00	15,307.00	2,470.00	17,777.00
(ii) Collateral deposits for securitization transactions	8,766.12	10,047.88	18,814.00	21,380.77	513.23	21,894.00
(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
Total	**14,745.12**	**10,989.86**	**25,735.00**	**36,880.77**	**3,310.23**	**40,191.00**

 # Term deposits with scheduled banks under lien include:

i) Rs.6,329.00 Lakhs (March 31, 2016 : Rs. 17,777.00 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 (refer note no.52 (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.

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans) #	18,22,630.33	16,26,968.33
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 52 (IV) (a))	110.98	310.32
Retained interest under assignment transactions	15.31	143.30
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(c))	17,300.26	20,665.26
Loans and advances (including overdue loans) @	23,607.21	12,647.00
Bills of exchange	38,851.72	29,447.55
Trade Advances @	1,21,579.34	1,16,616.51
Inter corporate deposits to related parties @	100.00	4,756.50
Deposits for office premises / others	421.19	371.44
Other short term advances	1,735.32	1,583.79
# Includes non-performing assets of Rs. 2,68,968.36 Lakhs (March 2016 : Rs. 2,03,237.01 Lakhs) (refer note no. 5, 9 and 30 (a))		
@ Includes non-performing assets of Rs.4,207.48 Lakhs (March 2016 : Rs.2,442.47 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**20,26,351.66**	**18,13,510.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 19 OTHER CURRENT ASSETS		
Interest accrued on -		
Investments	1,395.18	1,233.46
Others deposits	1,167.85	3,908.65
Exchange gain receivable on forward contract on FCNR loans	190.40	888.13
Deferred premium on FCNR loan forward contracts	504.38	3,341.21
Total	**3,257.81**	**9,371.45**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 20 REVENUE FROM OPERATIONS		
a) Interest Income		
Income from loans	5,65,018.75	5,27,653.45
Income from hire purchase	15.07	26.09
Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,551.71	6,918.09
Interest on retained interest in PTCs under securitization transactions	12.59	43.55
Interest on Government securities - Long term	5,345.19	4,710.02
(a)	**5,76,943.31**	**5,39,351.20**
b) Other financial services		
Service charges and other fees on loan transactions	24,331.66	22,282.68
Income from hire purchase	0.14	0.13
Income from bill discounting	4,179.23	3,047.41
Income from lease	-	1.24
Income from assignment / securitisation transactions (refer note no.36)	11,936.72	20,633.45
(b)	**40,447.75**	**45,964.91**
Total (a+b)	**6,17,391.06**	**5,85,316.11**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 21 OTHER INCOME		
Dividend income on -		
- Current investments in mutual fund units	85.48	48.15
- Long-term investments in subsidiary companies	1,256.29	1,021.60
Profit/premium on sale/redemption of -		
- Current investments	88.48	-
Profit on sale / retirement of assets (net)	15.24	107.10
Income from shared services	4,580.24	3,595.55
Others	337.03	421.54
Total	**6,362.76**	**5,193.94**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Note 22 EMPLOYEES BENEFITS EXPENSE		
Salary, bonus and incentives	59,818.31	48,915.58
Contribution to provident funds and other funds	4,741.09	3,672.48
Employee Stock Compensation costs (refer note no. 28 (f)) #	879.82	1,431.06
Staff welfare expenses	2,650.49	1,861.62
Total	**68,089.71**	**55,880.74**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs.33.76 Lakhs (March 31, 2016 : Rs. 17.24 Lakhs) and net of recoveries from subsidiary company Rs. 203.44 Lakhs (March 31, 2016 : Rs. 314.06 Lakhs).

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Note 23 FINANCE COSTS		
Interest expenses	2,83,491.16	2,61,524.81
Other borrowing costs	2,251.54	2,404.38
Total	**2,85,742.70**	**2,63,929.19**

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Note 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets	3,848.52	3,650.54
Amortization of intangible assets	753.62	438.27
Total	**4,602.14**	**4,088.81**

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Note 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 30 (c))	84,500.16	51,003.24
Provision for Non-performing assets (net) (refer note no.5,9 and 30 (a)) and 30 (b) (ii)	44,233.45	52,596.10
General provision for Standard assets (refer note no.5,9 and 30 (b) (i))	2,180.00	1,353.00
Provision for diminution in the fair value of restructured advances (refer note no.5,9 and 30 (d))	(0.94)	0.64
Total	**1,30,912.67**	**1,04,952.98**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 26 OTHER EXPENSES		
Electricity charges	2,039.34	1,850.42
Rent	6,785.70	6,384.04
Repairs and maintenance -		
- Buildings	436.59	483.46
- Others	323.11	280.09
Insurance	1,650.25	1,422.74
Rates and taxes, excluding taxes on income	765.55	510.81
Directors' sitting fees and commission	275.72	294.55
Commission and brokerage	22,222.74	17,250.70
Legal and professional charges	9,563.50	7,235.57
Manpower outsourcing cost	706.49	184.73
Payments to the auditor -		
- Audit fees	46.82	44.31
- Taxation matters	18.18	7.95
- Other services	32.34	35.08
- Reimbursement of expenses	1.51	1.28
CSR donations and expenses (refer note no. 39)	3,047.53	2,905.95
General and administrative expenses	24,484.40	18,948.52
Total	**72,399.77**	**57,840.20**

Above expenses include following expenditure incurred in foreign currency

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Travelling expenses	-	1.63
Legal and professional fees	295.85	122.91
Other expenses	27.17	10.26

Note 27 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	2,26,440.34	1,94,461.94
2 Deferred tax assets	1,028.95	735.90
3 Cash and cash equivalents	577.88	624.49
4 Short-term loans and advances	69,080.41	47,929.25

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

II.	**Liabilities**		
	1 Long-term borrowings	1,18,296.56	1,08,561.47
	2 Other Long-term liabilities	-	-
	3 Long term provisions	775.45	727.01
	4 Short term borrowings	80,431.74	55,269.45
	5 Other current liabilities	69,333.16	56,052.27
	6 Short term provisions	233.16	176.84
III.	**Income**		
	1 Revenue from operations	14,013.55	10,048.49
	2 Other income	809.26	635.97
IV.	**Expenses**		
	1 Finance costs	5,656.00	3,918.39
	2 Provisions and write-offs	912.31	973.53
	3 Other expenses	4,013.33	2,913.69
	4 Provision for current tax	1,884.27	1,294.04
	5 Provision for deferred tax	(319.60)	(254.18)

Note 28 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	2,17,400
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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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	43,482	337.36
January 5, 2019	43,482	
January 5, 2020	43,482	
January 5, 2021	43,482	
January 5, 2022	43,472	
	2,17,400	

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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:

Particulars	Intrinsic Value Method As at March 31		Fair Value Method * As at March 31	
	2017	2016	2017	2016
Net profit after tax (Rs. in Lakhs)	40,023.49	67,259.60	40,069.58	67,336.73
Weighted average number of equity shares of Rs.2/- each – Basic	56,47,23,582	564278639	56,47,23,582	56,42,78,639
Weighted Average number of equity shares of Rs.2/- each – Diluted	56,84,46,880	568442221	56,84,46,880	56,84,42,221
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).

Note 29 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. 1,653.42 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. 2,649.86 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.

Note 30 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

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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.68,623.98 Lakhs (March 31, 2016 : Rs. 73,567.48 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.2,180.00 Lakhs (March 31, 2016: Rs. 1,353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16,215.00 Lakhs (March 31, 2016 : Rs.14,035.00 Lakhs) includes additional provision of 0.05% for Rs.2,034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5,262.00 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.8,336.91Lakhs.

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 provisionsand Provisions for diminution in fair value on account of restructured advance.

Note 31 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

Note 32 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.

Note 33 Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

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Note 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	2,736.45	1,944.96	394.01	277.25	1,738.27	1,169.26
2	Fair value of plan assets as at 31st	2,181.29	1,919.58	-	-	-	-
3	Funded status (surplus/ (deficit))	(555.16)	(25.38)	(394.01)	(277.25)	(1,738.27)	(1,169.26)
4	**Net asset/(liability) as at 31st**	**(555.16)**	**(25.38)**	**(394.01)**	**(277.25)**	**(1,738.27)**	**(1,169.26)**
III.	**Change in the obligations during the year ended 31st**						
1	Present value of defined benefit obligation at the beginning of the year	1,944.96	1,558.68	277.25	190.96	1,169.26	1,056.62
2	Current service cost	363.90	992.35	83.95	159.91	477.14	1,068.35
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**	**2,736.45**	**1,944.96**	**394.01**	**277.25**	**1,738.27**	**1,169.26**

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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
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	1,919.58	1,583.37	-	-	-	-
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**	**2,181.29**	**1,919.58**	**-**	**-**	**-**	**-**
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	2,736.45	1,944.96	1,558.68	1,192.46	855.07
2	Plan assets at the end of period	2,181.29	1,919.57	1,583.37	1,111.98	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)

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Note 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 aloss of Rs.23,65.54 Lakhs is charged to Statement of profit and loss for the year ended March 31, 2017.

Note 36 SECURITISATION / ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 11,489 contracts (March 31, 2016 : 30,940 contracts) amounting to Rs. 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 Lakhs) for a consideration of Rs 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 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. 6,756.56 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.11,500.70 Lakhs (March 31,2016: Rs. 12,062.65 Lakhs)

Note 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.

Note 38 There are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

Note 39 During the year, the Company has incurred an expenditure of Rs.2,905.66 Lakhs (March 31, 2016 : Rs. 2,791.69 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. 26).

Note 40 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.

Note 41 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

Significant Accounting Policies and Notes

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Company has made payment of Rs. 2,935.92 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.

Note 42 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	**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**

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.

Note 43 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18

A) List of the related parties and nature of relationship with our Company during the year:

Holding Company	Mahindra and Mahindra Limited
Subsidiary Companies:	Mahindra Insurance Brokers Limited
	Mahindra Rural Housing Finance Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Trustee Company Private Limited
Joint Ventures:	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited
	Mahindra USA, Inc.
	Mahindra Two Wheelers Limited
	NBS International Ltd.
	Mahindra First Choice Wheels Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Retail Pvt. Ltd.
	Mahindra Integrated Business Solutions Ltd.
	Mahindra Vehicle Manufacturers Ltd.
	Mahindra Construction Company Ltd.
	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

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B) Related Party transactions are as under:

Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies / Associates	Joint Ventures	* Key Management Personnel
1	**Income**					
	Loan income	-	-	222.49	-	-
		-	-	(64.15)	-	-
	Subvention / Disposal loss income	3,786.03	-	-	-	-
		(4,049.60)	-	-	-	-
	Other income	-	2,464.77	3.91	-	-
		-	(2,549.83)	(3.47)	-	-
2	**Expenses**					
	Interest	1,638.56	1,462.16	190.68	-	19.24
		(126.12)	(1,363.13)	-	-	(20.12)
	Other Expenses	2,334.64	2,826.86	1,270.35	-	-
		(1,777.74)	(2,389.54)	(602.83)	-	-
	Remuneration to KMP's					674.59
						(436.13)
3	**Investment in share capital**	-	14,455.00	-	3,111.84	-
		-	(9,457.22)	-	(4,530.32)	-
4	**Purchase of Fixed Assets**	142.16	-	0.48	-	-
		(254.81)	-	(30.97)	-	-
5	**Sale of Fixed Assets**	-	13.98	-	-	-
		-	(11.35)	-	-	-
6	**Finance**					
	Fixed deposits taken	-	2,925.00	-	-	18.07
		-	(3,750.00)	-	-	(18.94)
	Fixed deposits matured	-	4,375.00	-	-	-
		-	(125.00)	-	-	(21.67)
	Dividend paid – for previous year	11,648.31	-	-	-	25.46
		(11,648.31)	-	-	-	(23.85)
	Inter corporate deposits taken	50,000.00	8,525.00	30,000.00	-	-
		(30,000.00)	(7,500.00)	-	-	-
	Inter corporate deposits repaid	55,000.00	9,250.00	-	-	-
		-	(8,150.00)	-	-	-
	Inter corporate deposits given	-	-	-	-	-
		-	-	-	-	-
	Inter corporate deposits refunded	-	4,656.50	-	-	-
		-	-	-	-	-
7	**Other transactions**					
	Reimbursement from parties	-	-	-	-	-
		-	-	-	-	-
	Reimbursement to parties	-	-	184.15	-	-
		-	-	(153.08)	-	-
8	**Balances as at the end of the period**					
	Receivables	-	103.09	78.07	-	-
		(315.06)	(66.57)	(127.42)	-	-

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Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies / Associates	Joint Ventures	* Key Management Personnel
	Loan given (including interest accrued but not due)	-	-	2,448.79	-	-
		-	-	(1,870.04)	-	-
	Inter corporate deposits given (including interest accrued but not due)	-	-	113.38	-	-
		-	(5,189.14)	-	-	-
	Payables	882.92	952.54	400.50	-	-
		-	(692.74)	(218.94)	-	-
	Subordinate debt held (including interest accrued but not due)	-	700.57	-	-	-
		-	(700.76)	-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	25,260.01	201.09	30,171.61	-	-
		(30,113.51)	(936.04)	-	-	-
	Fixed deposits (including interest accrued but not due)	-	13,957.65	-	-	245.59
		-	(15,143.45)	-	-	(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

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies
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)
Other income				
Interest income on inter corporate deposits / subordinate debt	Mahindra Rural Housing Finance Limited		213.44	-
			(567.27)	
Income from shared services	Mahindra Insurance Brokers Limited	-	174.53	-
		-	(149.78)	-
Income from shared services	Mahindra Rural Housing Finance Limited	-	588.01	-
		-	(454.75)	-
Dividend income	Mahindra Rural Housing Finance Limited	-	927.68	-
		-	(747.76)	-
Dividend income	Mahindra Insurance Brokers Limited	-	328.61	-
		-	(273.84)	-
ESOP compensation recovered	Mahindra Rural Housing Finance Limited	-	86.82	-

Significant Accounting Policies and Notes

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Rs. in Lakhs

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies
		-	(200.07)	-
ESOP compensation recovered	Mahindra Insurance Brokers Limited	-	116.62	-
		-	(113.98)	-
Expenses				
Interest				
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited	-	1,462.16	-
		-	(1,363.13)	-
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra & Mahindra Limited	1,638.56	-	-
Other expenses				
Rent	Mahindra & Mahindra Limited	1,388.30	-	-
		(1,267.00)	-	-
Handling Charges	Mahindra Insurance Brokers Limited	-	2,826.86	-
		-	(2,389.54)	-
Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	-	1,056.10
		-	-	(526.94)
Investment in Share Capital	Mahindra Rural Housing Finance Limited	-	11,375.00	-
		-	(3,497.22)	-
Investment in Share Capital	Mahindra Asset Management Co Pvt. Ltd.	-	3,045.00	-
		-	(5,950.00)	-
Purchase of fixed assets	Mahindra & Mahindra Limited	142.16	-	-
		(254.81)	-	-
Sale of fixed assets	Mahindra Rural Housing Finance Limited	-	13.98	-
Finance				
Fixed Deposits	Mahindra Insurance Brokers Limited	-	2,925.00	-
		-	(3,750.00)	-
Fixed deposits matured	Mahindra Insurance Brokers Limited	-	4,375.00	-
		-	(125.00)	-
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,648.31	-	-
		(11,648.31)	-	-
Inter corporate deposits taken	Mahindra Insurance Brokers Limited	-	8,525.00	-
		-	(7,500.00)	-
Inter corporate deposits taken	Mahindra & Mahindra Limited	50,000.00	-	-
		(30,000.00)	-	-
Inter corporate deposits taken	Tech Mahindra Limited	-	-	30,000.00
		-	-	-
Inter corporate deposits repaid	Mahindra Insurance Brokers Limited	-	9,250.00	-
		-	(8,150.00)	-
Inter corporate deposits repaid	Mahindra & Mahindra Limited	55,000.00	-	-
		-	-	-
Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited	-	4,656.50	-
			-	

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Rs. in Lakhs

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	-	-	-
		(315.06)	-	-
Receivables	Mahindra Rural Housing Finance Limited	-	95.91	-
		-	(66.57)	-
Receivables	NBS International	-	-	78.07
		-	-	(127.42)
Loan outstanding	2 x 2 Logistics Pvt Ltd	-	-	2,114.46
		-	-	(1,865.14)
Payables	Mahindra Insurance Brokers Limited	-	952.54	-
		-	(692.74)	-
Payables	Mahindra First Choice Wheels Limited	-	-	283.38
		-	-	(155.44)
Payables	Mahindra & Mahindra Limited	882.92	-	-
		-	-	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	201.09	-
		-	(936.04)	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	25,260.01	-	-
		(30,113.51)	-	-
Inter corporate deposits taken (including interest accrued but not due)	Tech Mahindra Limited	-	-	30,171.61
		-	-	-
Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	-	-
		-	(5,189.14)	-
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	700.57	-
		-	(700.76)	-
Fixed deposits	Mahindra Insurance Brokers Limited	-	13,957.65	-
		-	(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.

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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	Re-payments/ 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

As at March 31, 2016

Rs. in Lakhs

Particulars	Relation	Balance as on April 1, 2015	Advances / investments	Re-payments/ 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.

Rs. in Lakhs

	As at March 31 2017	2016
Note 44 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)		
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
- Income tax	5,247.71	3,835.66
- Value Added Tax (VAT)	684.93	191.98
- 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	4,328.62	3,373.92
	36,841.05	**45,212.45**
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	469.77	274.82
	469.77	**274.82**
Total	**37,310.82**	**45,487.27**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at April 1, 2016	Additional Provisions	Utilizations/ Reversals	As at March 31, 2017
Note 45 CHANGES IN PROVISIONS				
Provision for Standard assets	14,035.00	2,180.00	-	16,215.00
Provision for Non-performing assets	1,49,213.18	1,00,239.51	56,006.05	1,93,446.63

Note 46 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	-	-

Note 47 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	8.70% - 9.00%	1,89,200.00	-	1,89,200.00
Maturing between 3 years to 5 years	7.50% - 8.90%	1,32,780.00	-	1,32,780.00
Maturing between 1 year to 3 years	7.43% - 10.25%	8,55,350.00	-	8,55,350.00
Maturing within 1 year	7.38% - 9.45%	-	2,43,380.00	2,43,380.00
Total		**11,77,330.00**	**2,43,380.00**	**14,20,710.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

As on 31 March, 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%	1,89,200.00	-	1,89,200.00
Maturing between 3 years to 5 years	8.48% - 9.45%	2,01,950.00	-	2,01,950.00
Maturing between 1 year to 3 years	8.48% - 10.25%	3,39,240.00	-	3,39,240.00
Maturing within 1 year	8.57% - 10.20%	-	2,34,470.00	2,34,470.00
Total		**7,30,390.00**	**2,34,470.00**	**9,64,860.00**

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%	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**	**1,09,000.00**
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**	**1,76,607.14**
ii) Half yearly -				
Maturing beyond 3 years to 5 years	8.30% - 9.05%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	8.30% - 9.70%	1,17,666.67	-	1,17,666.67
Maturing within 1 year	8.50% - 9.70%	-	74,333.33	74,333.33
Total		**1,42,666.67**	**74,333.33**	**2,17,000.00**
iii) Yearly -				
Maturing between 3 years to 5 years	9.30% - 9.70%	36,666.67	-	36,666.67
Maturing between 1 year to 3 years	8.45% - 9.70%	1,41,667.00	-	1,41,667.00
Maturing within 1 year	8.45% - 9.70%	-	48,333.33	48,333.33
Total		**1,78,333.67**	**48,333.33**	**2,26,667.00**
Total for repayable in installments		**4,12,131.28**	**2,08,142.86**	**6,20,274.14**
Total (1+2)		**4,86,131.28**	**2,43,142.86**	**7,29,274.14**

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%	35,000.00	-	35,000.00
Maturing within 1 year	9.50% - 9.95%	-	1,27,500.00	1,27,500.00
Total for repayable on maturity		**35,000.00**	**1,27,500.00**	**1,62,500.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
2) Repayable in installments :				
i) Quarterly -				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.00% - 9.30%	15,892.86	-	15,892.86
Maturing between 1 year to 3 years	9.30% - 9.65%	1,00,714.29	-	1,00,714.29
Maturing within 1 year	9.30% - 9.70%	-	61,907.14	61,907.14
Total		**1,16,607.14**	**61,907.14**	**1,78,514.29**
ii) Half yearly -				
Maturing beyond 3 years to 5 years	9.00% - 9.45%	50,000.00	-	50,000.00
Maturing between 1 year to 3 years	9.65% - 9.75%	1,06,000.00	-	1,06,000.00
Maturing within 1 year	9.65% - 9.75%	-	1,07,000.00	1,07,000.00
Total		**1,56,000.00**	**1,07,000.00**	**2,63,000.00**
iii) Yearly -				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.65% - 9.70%	75,833.33	-	75,833.33
Maturing between 1 year to 3 years	9.35% - 9.70%	1,50,833.33	-	1,50,833.33
Maturing within 1 year	9.65% - 9.70%	-	45,833.33	45,833.33
Total		**2,26,666.67**	**45,833.33**	**2,72,500.00**
Total for repayable in installments		**4,99,273.81**	**2,14,740.48**	**7,14,014.29**
Total (1+2)		**5,34,273.81**	**3,42,240.48**	**8,76,514.29**

iii) Foreign currency loans from banks

As on 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 on 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%	53,227.83	-	53,227.83
Maturing 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**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Note 48 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)		**1,11,530.00**	**6,880.00**	**1,18,410.00**

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
Sub-total (ii)		**1,00,000.00**	**-**	**1,00,000.00**
Total (i+ii)		**2,11,530.00**	**6,880.00**	**2,18,410.00**

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)		**1,18,410.00**	**-**	**1,18,410.00**

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	-	-	-	-
Sub-total (ii)		-	-	-
TOTAL (i+ii)		**1,18,410.00**	**-**	**1,18,410.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

ii) Unsecured term loans from banks

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	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 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) Inter-corporate deposits (ICDs)

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (c) Current maturities	Total
Repayable on maturity :					
Maturing within 1 year	6.50% - 7.50%	55,200.00	-	-	55,200.00
Total		**55,200.00**	**-**	**-**	**55,200.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (c) Current maturities	Total
Repayable on maturity :					
Maturing within 1 year	8.45% - 9.05%	30,925.00	-	-	30,925.00
Total		**30,925.00**	**-**	**-**	**30,925.00**

iv) Fixed deposits

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (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%	-	1,91,170.45	-	1,91,170.45
Maturing within 1 year	7.30% - 10.60%	25,686.71	-	1,89,690.58	2,15,377.29
Total		**25,686.71**	**2,22,918.85**	**1,89,690.58**	**4,38,296.14**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-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%	-	2,81,033.37	-	2,81,033.37
c) Maturing within 1 year	7.90% - 10.60%	17,829.68	-	1,63,730.66	1,81,560.34
Total		**17,829.68**	**2,96,866.01**	**1,63,730.66**	**4,78,426.35**

Note 49 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%	1,32,690.05
Total		**1,32,690.05**

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%	1,09,934.60
Total		**1,09,934.60**

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%	3,65,500.00
Total		**3,65,500.00**

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%	2,76,000.00
Total		**2,76,000.00**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

		Year ended March 31	
		2017	2016
Note 50	MANAGERIAL REMUNERATION TO DIRECTORS INCLUDED IN THE STATEMENT OF PROFIT AND LOSS		
Salary and perquisites		848.11	564.08
Sitting fees and commission		275.72	294.55
Total		**1,123.83**	**858.63**

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

Note 51 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 Amount Outstanding	2017 Amount Overdue	2016 Amount Outstanding	2016 Amount Overdue
Liabilities side					
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
	(a) Debentures : Secured	15,03,137.31	-	10,12,166.76	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	8,07,909.69	-	9,15,559.66	-
	(d) Inter-corporate loans and Other Borrowings	55,632.72	-	31,049.56	-
	(e) Commercial Paper	3,65,500.00	-	2,76,000.00	-
	(f) Public Deposits	4,21,571.95	-	4,66,215.66	-
	(g) Fixed Deposits accepted from Corporates	48,898.50	-	47,460.23	-
	(h) FCNR Loans	99,654.21	-	80,287.64	-
	(i) Subordinate debt (including NCDs issued through Public issue)	2,31,130.30	-	1,24,089.84	-
	(j) Other Short Term Loans and credit facilities from banks	62,090.05	-	81,834.60	-
(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	4,21,571.95	-	4,66,215.66	-
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	20,085.18		26,162.10	
	(b) Unsecured	1,87,119.57		1,69,101.15	
(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 :				

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

Sr. No.	Particulars	As at March 31 2017 Amount Outstanding	2017 Amount Overdue	2016 Amount Outstanding	2016 Amount Overdue
	(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	15,278.93		5,951.34	
	(b) Loans other than (a) above	38,19,078.69		33,04,801.42	
(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		-	24,821.50	
	(vi) Commercial Papers	22,500.00		15,000.00	
	Long Term Investments :				
	1. Quoted :				
	(i) Shares : (a) Equity		-		-
	(b) Preference		-		-
	(ii) Debentures and Bonds	8,975.00		2,000.01	
	(iii) Units of mutual funds	200.00		-	
	(iv) Government Securities	70,418.03		63,220.81	
	2. Unquoted :				
	(i) Shares : (a) Equity	50,880.36		33,312.57	
	(b) Preference		-		-
	(ii) Debentures and Bonds	700.00		700.00	
	(iii) Units of mutual funds		-		-
	(iv) Government Securities		-		-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	March 2017 Amount net of provisions			March 2016 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	5,189.14	5,189.14
(b) Companies in the same group	2,114.46	-	2,114.46	1,870.04	-	1,870.04
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	38,52,328.34	1,87,119.57	40,39,447.91	33,35,044.82	1,63,912.01	34,98,956.83
Total	**38,54,442.80**	**1,87,119.57**	**40,41,562.37**	**33,36,914.86**	**1,69,101.15**	**35,06,016.01**

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	March 2017		March 2016	
	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	33,150.20	33,150.20	18,695.20	18,695.20
(b) Companies in the same group	18,430.16	18,430.16	15,317.37	15,317.37
(c) Other related parties	-	-	-	-
2. Other than related parties	1,42,582.79	1,09,668.04	1,17,028.83	1,14,321.49
Total	**1,94,163.15**	**1,61,248.40**	**1,51,041.40**	**1,48,334.06**

8) Other information:

Rs. in Lakhs

Particulars	March 2017 Amount	March 2016 Amount
(i) Gross Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	4,18,266.41	3,22,416.98
(ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	1,59,967.91	1,23,511.37
(iii) Assets acquired in satisfaction of debt :	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Note 52 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

Rs. in Lakhs

Particulars	As at March 31	
	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)	1,00,000.00	17,500.00
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. 27,126.87 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.16,097.30 Lakhs including dividend distribution tax for the current financial year for determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

II) Investments

Rs. in Lakhs

	Particulars	As at March 31	
		2017	2016
1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	1,70,519.24	1,33,016.74
	(b) Outside India	18,429.16	15,317.32
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	1,70,519.24	1,33,016.74
	(b) Outside India	18,429.16	15,317.32
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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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 are quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the Board of Directors at every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) FCNR(B) Loans Availed:

Rs. in Lakhs

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	1,02,592.50		78,987.00	
	For hedging				
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	-	-	1,657.21	-
	(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.DNBSPD No.301/3.10.01/2012-13 dated August 21, 2012.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

	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	81,804.49	1,36,825.69
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	21,037.84	17,196.42
	Others	-	-
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	16,958.00	20,038.00
	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	21,053.50	27,856.85
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	1,856.00	1,856.00
	Cash collateral term deposits with banks	-	-
	(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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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. 1,87,344.21 Lakhs (March 31, 2016: Rs.1,67,916.29 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.43)

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31 2017	2016
Provisions for depreciation on Investment	-	-
Provision towards NPA	44,233.45	52,596.10
Provision made towards Income tax	36,350.00	53,560.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	(0.94)	0.64
Provision for Standard Assets	2,180.00	1,353.00

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	47,232.85	44,718.44
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	10.0%	8.7%

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

b) Concentration of Advances

Rs. in Lakhs

	As at March 31	
	2017	2016
Total Advances to twenty largest borrowers	1,22,204.95	80,359.22
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	1,22,204.95	80,359.22
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	6,122.71	7,411.47

e) Sector-wise NPAs

Rs. in Lakhs

Sr. 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	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

f) Movement of NPAs

Rs. in Lakhs

	Particulars	As at /Year ended March 31	
		2017	2016
(i)	Net NPAs to Net Advances (%)	4.0%	3.5%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	3,22,416.98	2,09,972.20
	(b) Additions during the year	2,41,101.36	2,13,047.58
	(c) Reductions during the year	1,45,251.93	1,00,602.80
	(d) Closing balance	**4,18,266.41**	**3,22,416.98**
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,23,511.37	81,820.64
	(b) Additions during the year	1,00,324.29	91,707.63
	(c) Reductions during the year	63,867.75	50,016.90
	(d) Closing balance	**1,59,967.91**	**1,23,511.37**
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,49,213.18	96,617.08
	(b) Provisions made during the year	1,04,248.99	91,439.33
	(c) Write-off / write-back of excess provisions	60,015.54	38,843.23
	(d) Closing balance	**1,93,446.63**	**1,49,213.18**

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 LageLanden Financial Services	USA	2,97,127.58	2,43,751.58

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

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	17,433.22	17,319.05	21,467.65	68,664.62	90,771.50	1,91,168.19	31,748.25	-	4,38,572.48
Advances	2,99,238.93	1,70,423.06	1,64,879.04	40,3218.09	6,75,874.67	17,51,899.76	3,92,398.33	1,336.61	38,59,268.49
Reserves & surplus	-	-	-	-	-	-	-	6,36,423.64	6,36,423.64
Investments	27,700.00	-	-	-	22,500.00	4,193.09	21,001.32	1,13,553.99	1,88,948.40
Borrowings	76,935.02	1,90,000.00	63,187.14	3,01,157.14	3,13,383.57	14,12,984.67	2,52,182.45	3,42,514.78	29,52,344.77
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

(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
(d) No. of complaints pending at the end of the year	2

Note 53 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
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	-	-	-	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Type of Restructuring				Others		
Sr. No.	Asset Classification		Standard	Substandard	Doubtful	Loss	Total
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	(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).

Note 54 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER FOUND NECESSARY

Signatures to Significant accounting policies and Notes to the financial statements – I and II.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

C.B. Bhave
Director

Rama Bijapurkar
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of **Mahindra & Mahindra Financial Services Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at March 31, 2017, and the consolidated statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been use for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 9 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, and its consolidated profit and consolidated cash flows for the period from April 1, 2016 to March 31, 2017.

OTHER MATTERS

9. We did not audit the financial statements of the joint venture entity whose financial statements reflect total assets of Rs. 296,452.77 lakhs as at March 31, 2017, total revenues of Rs. 14,822.81 lakhs, and net cash Outflows amounting to Rs 46.61 lakhs, respectively for the year then ended as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint venture and our report in so far as it relates to the aforesaid joint venture, is based solely on such unaudited financial statements / financial information. Our opinion is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;

b. In our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;

c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer our separate report in Annexure I.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note 49 to the consolidated financial statements.

ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiary there were no amounts which were required to be transferred to the said fund.

iv. The Company has provided requisite disclosures in its consolidated financial statements as to Group's holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 47 to the consolidated financial statements.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Annexure I to our report

of even date on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited

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

In conjunction with our audit of the consolidated financial statements of **Mahindra & Mahindra Financial Services Limited** for the period from April 1, 2016 to March 31, 2017 we have audited the internal financial controls over financial reporting of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as "the Holding Company") and its four subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group Companies in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Holding Company and Group Companies in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Group Companies in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Consolidated Balance Sheet

as at March 31, 2017

Rs. in Lakhs

Particulars		Note No.	As at March 31 2017	As at March 31 2016
I.	**EQUITY & LIABILITIES**			
1)	**Shareholders' funds**			
	a) Share capital	1	11,300.83	11,292.03
	b) Reserves and surplus	2	6,84,714.72	6,35,647.75
			6,96,015.55	**6,46,939.78**
	Minority Interest		**9,980.11**	**6,752.75**
2)	**Non-current liabilities**			
	a) Long-term borrowings	3	24,98,492.31	20,34,120.59
	b) Other Long-term liabilities	4	42,741.10	43,263.99
	c) Long term provisions	5	62,168.69	49,171.91
			26,03,402.10	**21,26,556.49**
3)	**Current liabilities**			
	a) Short-term borrowings	6	7,21,762.80	5,21,753.28
	b) Trade payables	7		
	(i) Micro and Small Enterprises		-	-
	(ii) Other than Micro and Small Enterprises		69,442.05	49,638.93
	c) Other current liabilities	8	10,68,206.83	992,112.79
	d) Short-term provisions	9	171,847.71	156,930.35
			20,31,259.39	**17,20,435.35**
	Total		**53,40,657.15**	**45,00,684.37**
II.	**ASSETS**			
1)	**Non-current assets**			
	a) Fixed assets	10		
	(i) Tangible assets		12,931.37	12,345.94
	(ii) Intangible assets		407.81	559.35
	(iii) Capital work-in-progress		55.67	1.85
	(iv) Intangible assets under development		58.21	-
	b) Non-current investments	11	79,794.03	65,220.87
	c) Deferred tax assets (net)	12	75,717.77	59,923.93
	d) Long-term loans and advances	13	28,17,526.07	22,94,643.63
	e) Other non-current assets	14	11,283.88	5,236.44
			29,97,774.81	**24,37,932.01**
2)	**Current assets**			
	a) Current investments	15	59,239.85	54,670.33
	b) Trade receivables	16	2,295.93	2,000.45
	c) Cash and bank balances	17	60,387.54	60,593.65
	d) Short-term loans and advances	18	22,17,662.88	19,36,636.73
	e) Other current assets	19	3,296.14	8,851.20
			23,42,882.34	**20,62,752.36**
	Total		**53,40,657.15**	**45,00,684.37**
	Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

C.B. Bhave
Director

V. Ravi
Executive Director &
Chief Financial Officer

Ramesh Iyer
Vice-Chairman &
Managing Director

Rama Bijapurkar
Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

Rs. in Lakhs

Particulars		Note No.	Year ended March 31 2017	Year ended March 31 2016
I.	**Revenue from operations**	20	7,14,620.43	6,55,386.74
II.	**Other income**	21	5,444.65	4,358.25
III.	**Total Revenue (I + II)**		**7,20,065.08**	**6,59,744.99**
IV.	**Expenses**			
	Employee benefits expense	22	88,663.96	70,409.22
	Finance costs	23	3,18,617.44	2,86,834.73
	Depreciation and amortization expense	24	5,372.32	4,569.78
	Loan provisions and write offs	25	1,38,955.10	1,09,819.07
	Other expenses	26	84,680.81	65,700.21
	Total Expenses		**6,36,289.63**	**5,37,333.01**
V.	**Profit before exceptional items and taxes (III - IV)**		**83,775.45**	**1,22,411.98**
VI.	**Exceptional items (net) - income / (expense)**		-	-
VII.	**Profit before extraordinary items and tax (V - VI)**		**83,775.45**	**1,22,411.98**
VIII.	**Extraordinary Items**		-	-
IX.	**Profit before tax (VII- VIII)**		**83,775.45**	**1,22,411.98**
X.	**Tax expense:**			
	(1) Current tax		46,353.48	61,439.94
	(2) Deferred tax		(15,548.01)	(17,768.11)
			30,805.47	**43,671.83**
XI.	**Profit /(Loss) for the period from continuing operations (IX - X)**		**52,969.98**	**78,740.15**
XII.	**Minority Interest**		1,806.31	1,510.79
XIII.	**Profit /(Loss) for the period (XI - XII)**		**51,163.67**	**77,229.36**
XIV.	**Earnings per equity share (Rupees) :**	32		
	(Face value - Rs.2/- per share)			
	(1) Basic		9.06	13.69
	(2) Diluted		9.00	13.58
	Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale — Chairman
Ramesh Iyer — Vice-Chairman & Managing Director
M. G. Bhide — Director
Piyush Mankad — Director
C.B. Bhave — Director
Rama Bijapurkar — Director
V. S. Parthasarathy — Director
Dr. Anish Shah — Director
V. Ravi — Executive Director & Chief Financial Officer
Arnavaz Pardiwala — Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2017

Rs. in Lakhs

	Particulars		As at March 31 2017	As at March 31 2016
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before taxes and contingencies and exceptional items		83,775.45	1,22,411.98
	Add/(Less):			
	Non Cash Expenses :			
	Depreciation and amortisation expense		5,372.32	4,569.78
	Exchange Fluctuation		(695.38)	1,022.95
	Provision for non-performing assets (net)		49,904.87	56,064.16
	Bad Debts & Write offs		86,325.81	51,978.52
	General provision for Standard assets		2,725.36	1,775.75
	Higher provision & provision for diminution in the fair value of restructured advances		(0.94)	0.64
	Employee stock compensation costs		879.82	1,431.06
	Add/(Less):		**1,44,511.86**	**1,16,842.86**
	Income considered separately :			
	Income from investing activities		(6,481.81)	(5,218.58)
	(Profit)/Loss on sale of assets		(9.76)	(100.34)
	(Profit)/Loss on sale of Investment		(308.35)	-
	Income from Assignment / Securitisation transactions		(11,936.72)	(20,633.45)
			(18,736.64)	**(25,952.37)**
	Operating profit before working capital changes	**(I)**	2,09,550.67	2,13,302.47
	Less:			
	(Increase)/Decrease in interest accrued on investment/others		5,087.29	901.85
	(Increase)/Decrease in Trade receivables		483.14	(86.84)
	(Increase)/Decrease in Loans & Advances		(8,97,050.39)	(6,93,673.76)
			(8,91,479.96)	**(6,92,858.75)**
	Add: Increase in Current liabilities		82,278.51	49,400.74
		(II)	**(8,09,201.45)**	**(6,43,458.01)**
	Cash generated from operations	(I+II)	(5,99,650.78)	(4,30,155.54)
	Advance taxes paid		(53,144.24)	(65,547.73)
			(6,52,795.02)	**(4,95,703.27)**
	Net Cash Generated from / (used in) operating activities (A)		**(6,52,795.02)**	**(4,95,703.27)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets / Software		(6,283.46)	(5,538.04)
	Sale of fixed assets		118.61	236.85
	Purchase of Investments		(5,33,709.69)	(2,34,599.19)
	Investments in / maturity of term deposits with banks		12,452.00	10,913.77
	Sale of Investments		5,10,175.36	1,80,074.80
	Income received from investing activities		7,153.08	4,920.43
	(Increase) / Decrease in Earmarked balances with banks		(0.53)	5.56
	Net Cash Generated from / (Used In) Investing Activities (B)		**(10,094.63)**	**(43,985.82)**

Rs. in Lakhs

Particulars	As at March 31 2017	2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	137.06	796.64
Increase/(Decrease) in Bank borrowings (net)	(1,07,685.09)	(1,22,402.47)
Increase/(Decrease) in long term borrowings (net)	6,63,697.27	5,85,673.70
Increase/(Decrease) in short term borrowings (net)	1,48,738.94	1,334.43
Increase/(Decrease) in Fixed Deposits (net)	(38,680.21)	6,777.96
Proceeds from Assignment / Securitisation transactions	45,708.90	99,463.75
Dividend paid (including tax on dividend)	(28,868.21)	(28,590.94)
Net cash generated from / (used in) financing activities (C)	**6,83,048.66**	**5,43,053.07**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**20,159.01**	**3,363.98**
Cash and cash equivalents at the beginning of the year	**23,567.43**	**20,203.45**
Cash and cash equivalents at the end of the year (Refer Note No. 17)	**43,726.44**	**23,567.43**

COMPONENTS OF CASH AND CASH EQUIVALENTS

Rs. in Lakhs

	As at March 31 2017	2016
Cash and cash equivalents at the end of the year		
- Cash on hand	2,426.02	2,390.69
- Cheques and drafts on hand	1,258.49	544.49
- Balances with banks in current accounts	40,041.93	20,632.25
	43,726.44	**23,567.43**

Note : The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman &
Managing Director

C.B. Bhave
Director

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Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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. 34 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

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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. 13 and 18).

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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. 4 and 8).

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 in 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.10.

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. 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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 in 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 1 SHARE CAPITAL		
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees (37,23,298 equity shares of Rs.2/- each (March 31, 2016 : 41,63,582 equity shares of Rs.2/- each))	74.47	83.27
Total	**11,300.83**	**11,292.03**

	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	11,375.30	568764960	11,375.30
Add : Fresh allotment of shares	-	-	-	-
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. 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 785275 equity shares (March 31, 2016 : 785275 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 2 RESERVES AND SURPLUS		
Capital redemption reserve :		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	**5,000.00**
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium reserve:		
Balance as at the beginning of the year	2,03,252.40	2,02,324.25
Add : Additions during the year on account of -		
i) Exercise of employee stock options	1,029.01	928.15
ii) Fresh issue of shares	-	-
	2,04,281.41	**2,03,252.40**
Less : Deductions during the year in respect of expenses related to public issue of Non-convertible Debentures (refer note no. 33)	1,653.42	-
Balance as at the end of the year	**2,02,627.99**	**2,03,252.40**
Less : Shares issued to ESOP trust but not allotted to employees	64.39	64.39
Net balance as at the end of the year	**2,02,563.60**	**2,03,188.01**
Debenture redemption reserve (DRR):		
Balance as at the beginning of the year	-	-
Add : Transfers during the year representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public (refer note no. 33)	2,649.86	-
	2,649.86	**-**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,649.86**	**-**
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	1,16,765.56	1,01,279.18
Add : Transfers from Surplus in the Statement of profit and loss	10,914.37	15,486.38
	1,27,679.93	**1,16,765.56**
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,27,679.93**	**1,16,765.56**
General reserve :		
Balance as at the beginning of the year	53,084.20	46,358.20
Add : Transfers from Surplus in the Statement of profit and loss	4,003.00	6,726.00
	57,087.20	**53,084.20**
Less : Deductions during the year	-	-
Balance as at the end of the year	**57,087.20**	**53,084.20**
Foreign exchange fluctuation reserve :		
Balance as at the beginning of the year	2,922.18	1,885.69
Add : Additions during the year	(695.37)	1,036.49
	2,226.81	**2,922.18**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,226.81**	**2,922.18**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
Note 2 RESERVES AND SURPLUS			
Employees stock options outstanding :			
A) Employee Stock Option Outstanding:			
Balance as at the beginning of the year		4,435.68	5,241.45
Add : Fresh grant of options		771.99	139.10
		5,207.67	**5,380.55**
Less : Transfers / reversals during the year			
i) Transfers to securities premium reserve on exercise of options		1,029.01	928.15
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	(A)	**4,114.58**	**4,435.68**
Less :			
B) Deferred Employee Compensation:			
Balance as at the beginning of the year		1,994.35	3,599.85
Add : Fresh grant of options		771.99	139.10
		2,766.34	**3,738.95**
Less : Amortisation during the year			
i) Transfer to employee benefits expense (refer note no. 22)		1,049.50	1,727.88
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	(B)	**1,652.76**	**1,994.35**
Balance as at the end of the year	(A-B)	**2,461.82**	**2,441.33**
Surplus in Statement of profit and loss :			
Balance as at the beginning of the year		2,52,246.47	2,24,564.35
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India (refer note no. 40)		514.68	-
		2,51,731.79	**2,24,564.35**
Add : Profit for the year transferred from the Statement of profit and loss		51,163.67	77,229.36
		3,02,895.46	**3,01,793.71**
Less : Appropriations :			
General reserve		4,003.00	6,726.00
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987		10,914.37	15,486.38
Debenture Redemption Reserve		2,649.86	-
Proposed dividend on equity shares		-	22,750.60
Corporate dividend tax on equity shares		282.73	4,584.26
		17,849.96	**49,547.24**
Balance as at the end of the year		**2,85,045.50**	**2,52,246.47**
Total		**6,84,714.72**	**6,35,647.75**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 3 LONG-TERM BORROWINGS		
a) Secured - #		
Non-convertible debentures (refer note no. 52(i)(a)) $	12,23,680.00	7,30,390.00
Term loans :		
- from banks (refer note no. 52(ii)(a))	6,56,336.84	7,14,494.28
- from others (refer note no. 52(iii)(a))	8,394.19	15,186.00
Foreign currency loans		
- from banks (refer note no. 52(iv)(a))	47,460.87	53,227.83
- from others (refer note no. 52(v)(a))	1,18,296.56	1,08,561.47
Total	**20,54,168.46**	**16,21,859.58**
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 53(i)(a)) $	2,25,030.00	1,24,410.00
Fixed deposits (refer note no. 53(iv)(b))	2,19,293.85	2,87,851.01
Total	**4,44,323.85**	**4,12,261.01**
Total (a+b)	**24,98,492.31**	**20,34,120.59**

All secured loans / debentures are secured by *pari passu* charge on office premises 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 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

	As at March 31	
	2017	**2016**
Note 4 OTHER LONG-TERM LIABILITIES		
Deposits/advances received against loan agreements (refer note no. 38)	3,932.57	2,338.12
Interest accrued but not due on borrowings	33,437.36	31,390.82
Deferred subvention income	2,535.73	2,296.12
Unrealised gains on loan transfers under securitisation transactions (refer note no. 41(c))	2,471.88	4,730.46
Cash profit on loan transfers under assignment transactions pending recognition	1.34	5.64
Derivative contract payables	361.22	-
Unmatured premium on forward exchange contracts	-	2,501.83
Other long term liabilities	1.00	1.00
Total	**42,741.10**	**43,263.99**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 5 LONG-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 39)	2,836.21	1,232.42
Others:		
Provisions for Non-performing assets	48,927.17	39,513.68
(refer note no. 34(a), 35 and 36)		
Contingent provisions for standard assets	10,394.98	8,413.39
(refer note no. 34(b) and 35)		
Higher provisions on restructured standard advances	7.30	8.52
Provisions for diminution in the fair value of restructured advances	3.03	3.90
Total	**62,168.69**	**49,171.91**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 6 SHORT TERM BORROWINGS		
a) Secured - #		
Term loans from banks (refer note no. 54(i))	81,050.00	41,400.00
Cash credit facilities with banks (refer note no. 54(i))	78,069.35	82,929.05
Foreign currency loans (refer note no. 54(ii))	80,431.74	55,269.55
Total	**2,39,551.09**	**1,79,598.60**
b) Unsecured -		
Term loan from banks (refer note no. 53(ii))	7,400.00	-
Loans and advances from related parties (ICDs) (refer note no. 53(iii))	65,000.00	30,000.00
Fixed deposits (refer note no. 53(iv)(a))	24,311.71	16,154.68
Commercial Papers (CPs) (refer note no. 54(iii))	3,85,500.00	2,96,000.00
Total	**4,82,211.71**	**3,42,154.68**
Total (a+b)	**7,21,762.80**	**5,21,753.28**

All secured loans / debentures are secured by *pari passu* charge on office premises 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

	As at March 31	
	2017	**2016**
Note 7 TRADE PAYABLES		
a) Micro and Small Enterprises (refer note no. 51)		
- Finance	-	-
- Expenses	-	-
b) Other than Micro and Small Enterprises		
- Finance	47,958.15	33,708.78
- Expenses	21,483.90	15,930.15
Total	**69,442.05**	**49,638.93**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured - #		
Non-convertible debentures (refer note no. 52(i)(b)) $	2,43,380.00	2,34,470.00
Term loans		
- from banks (refer note no. 52(ii)(b))	3,08,157.78	3,57,386.09
- from others (refer note no. 52(iii)(b))	5,311.81	6,109.49
Foreign currency loans		
- from banks (refer note no. 52(iv)(b))	52,099.08	26,932.51
- from others (refer note no. 52(v)(b))	62,270.65	52,566.87
	6,71,219.32	**6,77,464.96**
b) Unsecured -		
Unsecured bonds (subordinate debts) (refer note no. 53(i)(b))	6,880.00	-
Fixed deposits (refer note no. 53(iv)(c))	1,82,750.58	1,61,030.66
Term loan from banks (refer note no. 53(ii)(b))	-	10,000.00
	1,89,630.58	**1,71,030.66**
Interest accrued but not due on borrowings	96,457.81	57,784.61
Unclaimed dividends ^	52.66	52.14
Unpaid matured deposits and interest accrued thereon ^	376.37	382.63
Unpaid matured debentures and interest accrued thereon ^	0.05	-
Deposits/advances received against loan agreements (refer note no. 38)	5,209.69	1,581.54
Amount Received in advance from ESOS Trust	138.86	147.66
Credit balances in current accounts with banks as per books	61,833.73	43,682.72
Deferred subvention income	2,076.62	2,108.73
Unrealised gains on loan transfers under securitisation transactions (refer note no. 41(c))	17,300.26	20,665.25
Cash profit on loan transfers under assignment transactions pending recognition	3.32	17.93
Insurance premium payable	4,222.56	4,033.90
Payables under assignment / securitisation transactions	3,305.85	1,871.91
Taxes deducted at Source	3,506.52	3,352.08
Derivative contract payables	259.45	-
Deferred premium payable to bank under forward exchange contracts on FCNR loans	2,286.21	2,181.64
Others	10,326.97	5,754.43
Total	**10,68,206.83**	**9,92,112.79**

secured loans / debentures are secured by *pari passu* charges on office premises and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

^ Investor Education and Protection Fund shall be credited with the unclaimed amount as and when due for transfer.

$ The funds raised by the Company (MMFSL) 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 9 (a) SHORT-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 39)	7,238.06	6,405.99
Others:		
Provisions for Non-performing assets	1,57,008.62	1,16,541.39
(refer note no. 34(a), 35 and 36)		
Contingent provisions for standard assets	7,579.78	6,836.01
(refer note no. 34(b) and 35)		
Higher provisions on restructured standard advances	15.01	13.79
Provisions for diminution in the fair value of restructured advances	6.24	6.30
Proposed dividend on equity shares #	-	22,750.60
Corporate dividend tax #	-	4,376.27
Total	**1,71,847.71**	**1,56,930.35**

(b) Board of Directors have proposed a dividend of 120% at Rs.2.40 per share on equity share of Rs.2/- each (March 2016 : 200% at Rs.4.00 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.16,097.30 Lakhs (March 2016 : Rs. 27,126.87 Lakhs) including dividend distribution tax.

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 was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has however adjusted the amount of proposed dividend for determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Note 10 FIXED ASSETS

As at March 31, 2017

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	Balance as at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	Balance as at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
i) Tangibe Assets :										
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 Equipment	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
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
Total (i+ii)	**31,270.30**	**5,915.06**	**1,353.61**	**35,831.75**	**18,365.01**	**5,372.33**	**1,244.77**	**22,492.57**	**13,339.18**	**12,905.29**

* Goodwill arising on consolidation

As at March 31, 2016

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	Balance as at 1st April 2015	Additions	Deductions / Adjustments	As at 31st March 2016	Balance as at 1st April 2015	Additions	Deductions / Adjustments	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
i) Tangibe Assets :										
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 Equipment	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
Total (i)	**24,827.56**	**5,198.04**	**1,155.17**	**28,870.43**	**13,411.62**	**4,131.51**	**1,018.64**	**16,524.49**	**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	-	-	-	0.00	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**
Total (i+ii)	**26,699.90**	**5,725.57**	**1,155.17**	**31,270.30**	**14,813.87**	**4,569.78**	**1,018.64**	**18,365.01**	**12,905.29**	**11,886.03**

* Goodwill arising on consolidation

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
Note 11	**NON-CURRENT INVESTMENTS**		
i)	**Quoted (at cost) :**		
	Trade:		
	Government securities (refer note no.11 (i))	70,418.03	63,220.81
	Secured redeemable non-convertible debentures (refer note no. 11(ii)	8,975.00	2,000.01
	(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
	Non-trade :		
	Units of mutual funds (refer note no.11 (iii))	400.00	-
	(A)	**79,793.03**	**65,220.82**
ii)	**Unquoted (at cost) : (Non-trade)**		
	Equity investment in other entities :		
	New Democratic Electoral Trust	1.00	0.05
	Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up		
	(March 2016 : 500 equity shares of Rs.10/- each fully paid up)		
	(B)	**1.00**	**0.05**
Total	(A+B)	**79,794.03**	**65,220.87**
Additional Information			
Aggregate amount of quoted investments and market value -			
i) Aggregate amount		79,793.03	65,220.82
ii) Market value		85,018.06	67,928.16
Aggregate amount of unquoted investments		**1.00**	**0.05**

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	1,009.88
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	1,009.88
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	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	1000000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	1500000	1,505.17	1,586.44
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	1,057.63
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	2000000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	2500000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	1000000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	2500000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	1100000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	1200000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	1000000	1,001.79	1,031.17

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Maharashtra SDL 8.26% 23/12/2025	100	2000000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	2500000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	500000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	1000000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	1000000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	2000000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	1000000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	1000000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	1000000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	1500000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	1000000	1,016.77	1,136.02
Govt Stock 8.83%-12/12/2041	100	1000000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,704.02
Total		**70300000**	**70,418.03**	**75,632.25**

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	1,427.50	1,473.75
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	1,070.70	1,101.48
Govt Stock 8.20%-15/02/2022	100	1000000	1,005.27	1,014.70
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.54	1,014.70
Govt Stock 8.13%-21/09/2022	100	1500000	1,506.11	1,520.23
Govt Stock 8.13%-21/09/2022	100	500000	490.95	506.74

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Govt Stock 8.13%-21/09/2022	100	500000	490.71	506.74
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	1,013.49
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	2,030.88	2,117.00
Govt Stock 9.15%-14/11/2024	100	2500000	2,648.71	2,710.06
Govt Stock 9.15%-14/11/2024	100	1000000	1,099.95	1,084.02
MP SDL 8.15%-13/11/2025	100	2500000	2,501.01	2,498.96
TN SDL 8.27%-23/12/2025	100	1000000	1,002.00	1,011.09
UP SDL 8.39% 27/01/2026	100	500000	500.66	500.67
UP SDL 8.39% 27/01/2026	100	1000000	1,001.31	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,062.09	2,028.40
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,056.81
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	1,016.75	1,028.40
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,542.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,057.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,057.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,028.50
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.33	2,057.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,026.39	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,027.65	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	515.47	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.33	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	524.88	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,040.09	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,594.21	1,624.03
Govt Stock 8.97%-05/12/2030	100	1000000	1,104.47	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,088.07	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,624.03
Govt Stock 8.97%-05/12/2030	100	2000000	2,191.79	2,165.37
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,567.88
Govt Stock 8.32%-02/08/2032	100	1000000	1,010.56	1,032.15
Govt Stock 8.32%-02/08/2032	100	1000000	1,031.88	1,032.15
Govt Stock 8.24%-10/11/2033	100	1000000	1,026.53	1,028.50
Govt Stock 8.33%-07/06/2036	100	1500000	1,549.82	1,552.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,548.90
Govt Stock 8.83%-12/12/2041	100	1000000	1,017.45	1,092.05
Govt Stock 8.83%-12/12/2041	100	1000000	1,022.75	1,092.05
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,638.08
Total		**63500000**	**63,220.81**	**65,928.15**

In respect of MMFSL, quoted investments of Rs. 70,418.03 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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	-	166.67	166.67
2	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FV RS 10 LAC	75	750	-	156.25	156.25
3	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 LAC	75	750	-	156.25	156.25
4	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 LAC	80	800	-	166.67	166.67
5	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS 10 LAC	300	3,000	-	625.00	625.00
6	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS 10 LAC	200	2,000	-	416.67	416.67
7	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS 2,50,000	150	1,500	-	312.50	312.50
8	UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28 JUNE 19 FV RS 10 LAC	800	8,000	5600.00	2400.00	8000.00
9	PUDHUAARU FINANCIAL SERVICES PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
10	SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
11	SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
12	SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	75	750	375.00	375.00	750.00
13	ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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 FV RS 10 Lakhs	100	1,000	-	416.67	416.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	100	1,000	-	416.67	416.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	150	1,500	-	625.00	625.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
8	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	100	1,000	-	250.00	250.00
9	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	200	2,000	-	833.33	833.33
10	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	150	1,500	-	375.00	375.00
11	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	150	1,500	-	625.00	625.00
12	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
13	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 7,50,000	80	800	166.67	400.00	566.67
14	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FV RS 10 Lakhs	75	750	156.25	375.00	531.25
15	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 Lakhs	75	750	156.25	375.00	531.25
16	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 Lakhs	80	800	166.67	400.00	566.67
17	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS 10 Lakhs	300	3,000	625.00	1500.00	2125.00

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

Sr. No	ISIN Description	Total Quantity	Face Value (Rs. In Lakhs)	(a) Non Current	(b) Current	Total
18	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS 10 Lakhs	200	2,000	416.67	1000.00	1416.67
19	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS 7,50,000	150	1,500	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) 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	11.14	500000	50.00	55.69
MAHINDRA LIQUID FUND	1,052.64	5000	50.00	52.63
MAHINDRA DHAN SANCHAY YOJANA	10.29	500000	50.00	51.46
MAHINDRA ALP SAMAY BACHAT YOJANA	1,009.99	5000	50.00	50.50
HDFC CHARITY FUND FOR CANCER CURE	10.03	2000000	200.00	200.53
Total			**400.00**	**410.81**

As at March 31, 2016: Nil

Rs. in Lakhs

		As at March 31 2017	2016
Note 12 DEFERRED TAX ASSETS (NET)			
Deferred tax assets			
Provisions for non performing assets / loss and expenses on assignments		69,406.99	54,163.79
Provisions for standard assets		6,220.71	5,280.12
Other disallowances		1,812.80	1,479.98
Difference between written down value of asset as per books of account and Income Tax Act, 1961		1,407.46	1,006.12
	(a)	**78,847.96**	**61,930.01**
Deferred tax liabilities			
Difference between written down value of asset as per books of account and Income Tax Act, 1961		-	-
Special Reserve		3,130.19	2,006.08
	(b)	**3,130.19**	**2,006.08**
Net Deferred tax assets	(a) - (b)	**75,717.77**	**59,923.93**

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1)(viia) of the Income tax Act, 1961

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Capital advances	394.94	152.97
Deposits for office premises / others	2,486.78	2,226.95
Other loans and advances	2,335.95	61.90
Loans against assets (secured, including overdue loans) #	27,89,054.88	22,72,274.36
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 41(e))	40.85	162.02
Retained interest under assignment transactions	145.90	150.75
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 41(c))	2,471.88	4,730.45
Loans and advances (including overdue loans) @	3,208.41	4,460.90
Advance payment of taxes (net of provisions)	17,386.48	10,423.33
# Includes non-performing assets of Rs. 1,02,637.13 Lakhs (March 2016 : 77,912.50 Lakhs) (refer note no. 5, 9 , 34(a), 35 and 36)		
@ Includes non-performing assets of Rs. 415.48 Lakhs (March 2016 : Rs.387.57 Lakhs) (refer note no. 5, 9, 34(a), 35 and 36)		
Total	**28,17,526.07**	**22,94,643.63**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with maturity greater than 12 months		
- Free	294.00	-
- Under lien (refer note no. 17)	10,989.88	3,370.23
Derivative contract receivables	-	459.52
Exchange gain receivable on forward contracts on FCNR loans	-	391.45
Deferred premium on FCNR loan forward contracts	-	1,015.24
Total	**11,283.88**	**5,236.44**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 15 CURRENT INVESTMENTS		
i) Quoted -		
Units of mutual funds (refer note no. 15(i))	28,964.84	5,569.66
Secured redeemable non-convertible debentures (refer note no. 11(ii)(b))	7,775.01	9,279.17
(Current portion of long term investments in secured redeemable non-convertible debentures)		
	36,739.85	**14,848.83**
ii) Unquoted (at cost) -		
Certificate of deposits with banks (refer note no. 15(ii))	-	24,821.50
Commercial Papers (CPs) (refer note no. 15(iii))	22,500.00	15,000.00
	22,500.00	**39,821.50**
Total	**59,239.85**	**54,670.33**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Additional Information:

Rs. in Lakhs

	As at March 31	
	2017	2016
Aggregate amount of quoted investments and market value		
i) Aggregate amount	36,739.85	14,848.83
ii) Market Value *	36,756.28	14,913.02
Aggregate amount of unquoted investments	22,500.00	39,821.50

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available.

(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	1,052.64	48517.44	940.00	944.84
Mahindra Alp Samay Bachat Yojana	1,009.99	93549.17	507.78	510.71
Mahindra Liquid Fund	1,052.64	2375664.60	25,000.00	25,007.10
Mahindra Alp Samay Bachat Yojana	1,009.99	247640.16	2,500.00	2,501.16
Mahindra Liquid Fund	1,052.64	1659.00	17.06	17.46
Total			**28,964.84**	**28,981.27**

As at March 31, 2016

Rs. in Lakhs

Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
Kotak Mutual Fund	2,482.38	137613.67	3,379.67	3,416.09
ICICI Prudential Mutual Fund	223.85	410474.45	907.36	918.86
Reliance Mutual Fund	3,685.51	35243.43	1,282.63	1,298.90
Total			**5,569.66**	**5,633.85**

(ii) 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	1,00,000	5000	4,992.89
IDBI Bank	1,00,000	10000	9,982.22
Oriental Bank Of Commerce	1,00,000	10000	9,846.39
Total		**25000**	**24,821.50**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

(iii) Details of unquoted current investment in Commercial Paper

As at March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount
EASF Microfinance & Investment Private Limited	5,00,000	1500	7,500.00
IFMR Capital Finance Private Limited	5,00,000	1500	7,500.00
Five Star Business Finance Limited	5,00,000	500	2,500.00
Satin Creditcare Network Limited	5,00,000	1000	5,000.00
Total		**4500**	**22,500.00**

As at March 31, 2016

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount
IFMR Capital Finance Private Limited	5,00,000	500	2,500.00
IFMR Capital Finance Private Limited	5,00,000	1000	5,000.00
Janalakshmi Financial Services Limited	5,00,000	1500	7,500.00
Total		**3000**	**15,000.00**

Rs. in Lakhs

	As at March 31 2017	2016
Note 16 TRADE RECEIVABLES		
Secured, considered doubtful :		
Trade receivable on hire purchase transactions #	374.19	374.19
(outstanding for a period exceeding six months from		
the date they are due for payment)		
Unsecured, considered good unless otherwise stated :		
Debts outstanding for a period exceeding six months from the date they are due for payment #	62.54	65.02
Debts outstanding for a period not exceeding six months from the date they are due for payment #	1,859.20	1,561.24
# Includes non-performing assets of Rs. 417.78 Lakhs (March 2016 : Rs.413.21 Lakhs) (refer note no. 5, 9 and 34(a))		
Total	**2,295.93**	**2,000.45**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
Note 17 CASH AND BANK BALANCES		
Cash and cash equivalents :		
Cash on hand	2,426.02	2,390.69
Cheques and drafts on hand	1,258.49	544.49
Bank balance in current accounts	40,041.93	20,632.25
	43,726.44	**23,567.43**
Other bank balances :		
Earmarked balances with banks -		
- Unclaimed dividend accounts with banks	53.98	53.45
Term deposits maturing within 12 months	1862.00	92.00
Term deposits under lien (refer note no. 17 (A))	14,745.12	36,880.77
	16,661.10	**37,026.22**
Total	**60,387.54**	**60,593.65**

A) 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)	5,563.00	766.00	6,329.00	15,307.00	2,470.00	17,777.00
Collateral deposits for securitization transactions (ii)	8,766.12	10,047.88	18,814.00	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
Under lien with IRDA for broking license (v)	-	60.00	60.00	-	60.00	60.00
Total	**14,745.12**	**10,989.88**	**25,735.00**	**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. 17,777.00 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).

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans) #	20,10,392.11	17,53,294.32
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no.41(e))	110.98	310.32
Retained interest under assignment transactions	15.31	143.30
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 41(c))	17,300.26	20,665.26
Loans and advances (including overdue loans) @	24,098.56	12,684.31
Bills of Exchange	38,851.72	29,447.55
Trade Advances @	1,21,579.34	1,16,616.51
Inter corporate deposits given @	100.00	100.00
Deposits for office premises / others	445.88	387.06
Other Short term advances	4,768.72	2,988.10
# Includes non-performing assets of Rs. 2,92,410.35 Lakhs (March 2016 : Rs. 2,15,293.79 Lakhs) (refer note no. 5, 9, 34(a), 35 and 36)		
@ Includes non-performing assets of Rs. 4,210.63 Lakhs (March 2016 : Rs. 2,442.47 Lakhs) (refer note no.5, 9, 34(a), 35 and 36)		
Total	**22,17,662.88**	**19,36,636.73**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 19 OTHER CURRENT ASSETS		
Interest accrued on -		
a) Investments	1,394.60	1,232.70
b) Others deposits	1,206.76	3,389.16
Exchange gains receivable on forward contracts on FCNR loans	190.40	888.13
Deferred premium on FCNR loan forward contracts	504.38	3,341.21
Total	**3,296.14**	**8,851.20**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 20 REVENUE FROM OPERATIONS		
a) Interest		
Income from loans	6,43,312.10	5,82,766.20
Income from hire purchase	15.07	26.09
Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,343.93	6,356.72
Interest on retained interest in PTCs under securitization transactions	12.59	43.55
Interest on government securities :		
- Long term	5,345.19	4,710.02
(a)	**6,55,028.88**	**5,93,902.58**
b) Other financial services		
Income from insurance business / services	12,733.27	11,043.64
Income from mutual fund business	354.14	-
Service charges and other fees on loan transactions	30,388.05	26,758.29
Income from hire purchase	0.14	0.13
Income from bill discounting	4,179.23	3,047.41
Income from lease	-	1.24
Income from assignment / securitisation transactions (refer note no. 41)	11,936.72	20,633.45
(b)	**59,591.55**	**61,484.16**
Total	**7,14,620.43**	**6,55,386.74**

Above incomes include following transactions in foreign currency:

Rs. in Lakhs

Revenue in Foreign Currency	Year ended March 31	
	2017	**2016**
Brokerage	77.16	114.36
Consultancy Fees	-	107.57
Total	**77.16**	**221.93**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 21 OTHER INCOME		
Dividend income on :		
- Current investments in mutual fund units	85.48	163.78
Profit/premium on sale/redemption of :		
- Current investments	308.35	1.16
Profit on sale / retirement of owned assets (net)	9.76	100.34
Income from shared services	3,891.40	3,027.53
Others	1,149.66	1,065.44
Total	**5,444.65**	**4,358.25**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 22 EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and incentives	78,281.98	61,897.06
Contribution to provident funds and other funds	6,149.66	4,563.15
Employee stock compensation costs # (refer note no.31(g))	1,087.28	1,748.82
Staff welfare expenses	3,145.04	2,200.19
Total	**88,663.96**	**70,409.22**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 33.76 Lakhs (March 31, 2016 : Rs. 17.24 Lakhs)

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 23 FINANCE COSTS		
Interest expense	3,16,075.05	2,84,204.58
Other borrowing costs	2,542.39	2,630.15
Total	**3,18,617.44**	**2,86,834.73**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets	4,602.93	4,131.51
Amortization of intangible assets	769.39	438.27
Total	**5,372.32**	**4,569.78**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 34(c))	86,325.81	51,978.52
Provision for Non performing assets (Net)	49,904.87	56,064.16
(refer note no. 34(a), 35 and 36)		
General provision for standard assets	2,725.36	1,775.75
(refer note no. 34(b) and 35)		
Provision for diminution in the fair value of restructured advances	(0.94)	0.64
Total	**1,38,955.10**	**1,09,819.07**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Note 26 OTHER EXPENSES		
Electricity charges	2,171.52	1,953.43
Rent	7,488.54	6,902.19
Repairs -		
- Buildings	602.09	567.39
- Others	362.35	337.23
Insurance	2,234.46	1,842.01
Rates and taxes, excluding taxes on income	829.79	560.22
Directors' sitting fees and commission	348.11	337.59
Commission and brokerage	22,553.26	17,251.03
Legal and professional charges	11,861.11	8,734.92
Manpower Outsourcing Cost	706.49	184.73
Payments to the auditor -		
Audit fees	62.79	76.28
Taxation matters	22.54	16.07
Other services	44.65	43.21
Reimbursement of expenses	1.85	1.30
Corporate Social Responsibility donations and expenses (refer note no. 44)	3,362.57	3,135.74
General and administrative expenses	32,028.69	23,756.87
Total	**84,680.81**	**65,700.21**

Above expenses include following expenditure incurred in foreign currency :

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Travelling expenses	37.53	33.02
Legal and professional fees	295.85	145.46
Other expenses	33.71	94.46

Note 27 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 Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

Note 28 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.

NOTE 29 The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. 17/05/2016 for next 3 years.

Note 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%

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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	2,26,440.34	1,94,461.94
2	Deferred tax assets	1,028.95	735.90
3	Cash and cash equivalents	577.88	624.49
4	Short-term loans and advances	69,080.41	47,929.25
II.	**Liabilities**		
1	Long-term borrowings	1,18,296.56	1,08,561.47
2	Other Long-term liabilities	-	-
3	Long term provisions	775.45	727.01
4	Short term borrowings	80,431.74	55,269.45
5	Other current liabilities	69,333.16	56,052.27
6	Short term provisions	233.16	176.84
III.	**Income**		
1	Revenue from operations	14,013.55	10,048.49
2	Other income	809.26	635.97
IV.	**Expenses**		
1	Finance costs	5,656.00	3,918.39
2	Provisions and write-offs	912.31	973.53
3	Other expenses	4,013.33	2,913.69
4	Provision for current tax	1,884.27	1,294.04
5	Provision for deferred tax	(319.60)	(254.18)

Note 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

Significant Accounting Policies and Notes

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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			
	2017		2016	
Summary of Stock Options	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 options (March 31, 2016: Nil) forfeited/lapsed out of the options granted during the year.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

d) Information in respect of options outstanding:

Grant date / Exercise price	As at March 31			
	2017		2016	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
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 options (March 2016: Nil) 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.

Significant Accounting Policies and Notes

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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.

Note 32 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	56,47,23,582	56,42,78,639	56,47,23,582	56,42,78,639
Weighted Average number of equity shares of Rs.2/- each – Diluted	56,84,46,880	56,84,42,221	56,84,46,880	56,84,42,221
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).

Note 33 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. 1,653.42 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. 2,649.86 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.

Note 34 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

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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.68,623.98 Lakhs (March 31, 2016 : Rs. 73,567.48 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. 2,180.00 Lakhs (March 31, 2016: Rs. 1,353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16,215.00 Lakhs (March 31, 2016: Rs.14,035.00 Lakhs) includes additional provision of 0.05% for Rs. 2,034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5,262.00 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.8,336.91 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 provision of Rs. 254.65 Lakhs (March 31, 2016 : Rs. 32.51 Lakhs) as Higher / additional provisions and Provision for diminution in fair value on account of restructured advance.

Note 35 MRHFL HAS COMPLIED WITH NORMS PRESCRIBED UNDER HOUSING FINANCE COMPANIES (NHB) DIRECTIONS, 2010 FOR RECOGNIZING NON-PERFORMING ASSETS IN PREPARATION OF ACCOUNTS

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March 2017	March 2016	March 2017	March 2016
Standard Assets				
a) Total Outstanding Amount	4,33,984.02	3,02,346.98	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	4,80,591.53	3,26,031.13	5,935.35	1,241.48
b) Provisions made	13,166.10	7,108.17	30.62	5.25

Significant Accounting Policies and Notes

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Loan receivable includes Rs. 11,097.45 Lakhs outstanding towards financing of insurance as of March 31st 2017 and Rs. 7,720.20 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. 1,216.22 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.

Note 36 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	March 2017	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	March 2017	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	March 2017	March 2016
Total Exposure to top ten NPA accounts	222.96	145.73

Sector – wise NPAs

Sl. No.	Particulars	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

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Movement of NPAs

Rs. in Lakhs

Particulars	March 2017	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.

Note 37 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

Note 38 Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

Note 39 EMPLOYEE BENEFITS:

Defined benefit plans – as per actuarial valuation:

Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on 31st March, 2017

Rs. in Lakhs

	As at March 31	
	2017	2016
I. Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
Current service cost	760.13	1,588.52
Interest cost	138.57	129.98
Expected return on plan assets	-	-
Actuarial (Gains)/Losses	322.09	(1,208.52)
Total expense	**1,220.79**	**509.98**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	2,673.34	1732.12
	Fair value of plan assets as at 31st March	-	-
	Funded status (Surplus/(Deficit))	(2,673.34)	(1732.12)
	Net asset/(liability) as at 31st March	**(2,673.34)**	**(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	1,732.12	1,468.11
	Current service cost	760.13	1,585.60
	Interest cost	138.57	129.98
	Actuarial (Gains)/Losses	322.08	(1,208.52)
	Benefits paid	(279.56)	(243.05)
	Present Value of Defined Benefit obligation at the end of the period	**2,673.34**	**1,732.12**
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	2016
I.	Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March		
	Current service cost	480.91	1,238.45
	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	-	-
	Adjustment due to change in opening balance of plan assets	(139.57)	-
	Total expense	**1,127.42**	**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	3,288.85	2,269.42
	Fair value of plan assets as at 31st March	2,628.97	2,249.59
	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	2,267.44	1,771.78
	Transfer of Projected benefit obligation from MBCSPL	-	-
	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	**3,288.86**	**2,269.42**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
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	2,243.09	1,811.28
	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	-	-
	Adjustment due to change in opening balance of Plan assets	139.57	-
	Actual Benefits paid	(258.68)	(100.39)
	Fair value of plan assets at the end of the year	**2,628.98**	**2,249.59**
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

	Year ending				
	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017
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)

Note 40 DISCLOSURE ON DERIVATIVES

Outstanding derivative instruments and un-hedged foreign currency exposures as at 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.

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Note 41 SECURITISATION/ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 11,489 contracts (March 31, 2016 : 30,940 contracts) amounting to Rs. 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 Lakhs) for a consideration of Rs 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 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. 6,756.56 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.11,500.70 Lakhs (March 31,2016: Rs. 12,062.65 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

Sr 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	81,804.49	1,36,825.69
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	21,037.84	17,196.42
	Others	-	-
	b) On-balance sheet exposures		
	First loss-Cash collateral term deposits with banks	16,958.00	20,038.00
	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	21,053.50	27,856.85
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others- Cash collateral term deposits with banks	1,856.00	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Note 42 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.

Note 43 There are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

Note 44 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).

Note 45 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.

Note 46 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. 2,935.92 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.

Note 47 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	**3,727.31**	**313.70**	**4041.01**
Add : Permitted Receipts #	11.36	89,080.59	89,091.95
Less : Permitted Payments	-	17.38	17.38
Less : Amount deposited in Banks	3,738.67	86,659.31	90,397.98
Closing cash in hand as on December 30, 2016	**-**	**2,717.60**	**2,717.60**

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.

Significant Accounting Policies and Notes

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Note 48 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18:

A) List of the related parties which have transactions with our Company during the year

Holding Company:	Mahindra and Mahindra Limited
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited
	Mahindra USA, Inc.
	Mahindra Two Wheelers Limited
	NBS International Ltd.
	Mahindra First Choice Wheels Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Retail Pvt. Ltd.
	Mahindra Integrated Business Solutions Ltd.
	Mahindra Vehicle Manufacturers Ltd.
	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 Party 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	-	222.49	-
		-	**(64.15)**	-
	Subvention / Disposal loss income	3,786.03	-	
		(4,049.60)	-	
	Other income	-	3.91	-
		-	**(3.47)**	-
2	Expenses			
	Interest	1,638.56	399.76	19.24
		(126.12)	-	**(20.12)**
	Other Expenses	2,666.92	1,520.01	-
		(1,832.96)	**(620.81)**	-
	Remuneration to MD	-	-	674.59
		-	-	**(436.13)**
3	Investment in share capital	-	-	-
		-	-	-
4	Purchase of Fixed Assets	281.52	14.25	-
		(327.50)	**(30.97)**	-
5	Sale of Fixed Assets	-	-	-
		-	-	-
6	Finance			
	Fixed deposits taken	-	-	18.07
		-	-	**(18.94)**
	Fixed deposits repaid	-	-	-
		-	-	**(21.67)**

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Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
	Dividend paid – for previous year	11,648.31	-	25.46
		(11,648.31)	**-**	**(23.85)**
	Inter corporate deposits taken	50,000.00	40,000.00	-
		(30,000.00)	**-**	**-**
	Inter corporate deposits repaid	55,000.00	-	-
		-	-	-
	Inter corporate deposits given	-	-	-
		-	**-**	**-**
	Inter corporate deposits refunded	-	-	-
		-	**-**	**-**
7	Other transactions			
	Reimbursement from parties	-	-	-
		-	**-**	**-**
	Reimbursement to parties	-	184.15	-
		-	**(153.08)**	**-**
8	Balances as at the end of the period			
	Receivables	-	78.07	-
		(310.21)	**(127.42)**	**-**
	Loan given (including interest accrued but not due)	-	2,448.79	-
		-	**(1,870.04)**	**-**
	Inter corporate deposits given (including interest accrued but not due)	-	113.38	-
		-	**-**	**-**
	Payables	1,081.85	406.30	-
		-	**(220.33)**	**-**
	Subordinate debt held (including interest accrued but not due)	-	-	-
		-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	25,260.01	40,359.78	-
		(30,113.51)	**-**	**-**
	Fixed deposits (including interest accrued but not due)	-	-	245.59
		-	**-**	**(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:

Rs. 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)	-

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

Nature of transactions		Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
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	-	-
		(11,648.31)	-	-
Inter corporate deposits taken	Mahindra & Mahindra Limited	50,000.00	-	-
		(30,000.00)	-	-
Inter corporate deposits taken	Tech Mahindra Limited	-	30,000.00	-
Inter corporate deposits repaid	Mahindra & Mahindra Limited	55,000.00	-	-
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	-	-	-
		(310.21)	-	-
Receivables	NBS International	-	78.07	-
		-	(127.42)	-
Payables	Mahindra First Choice Wheels Limited	-	283.38	-
		-	(155.44)	-
Payables	Mahindra & Mahindra Limited	1,081.85	-	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	25,260.01	-	-
		(30,113.51)	-	-
Inter corporate deposits taken (including interest accrued but not due)	Tech Mahindra Limited		30,171.61	-
			-	
Loan outstanding	2 x 2 Logistics Pvt. Ltd.	-	2,114.46	-
			(1,865.14)	-
Fixed deposits (including interest accrued but not due)	Ramesh Iyer and relatives	-	-	245.59
		-	-	(226.54)

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18.

Significant Accounting Policies and Notes

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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**	**2,114.46**

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**	**1,870.04**

Notes :

Above loans & advances have been given for general business purposes.

There were no guarantees given / securities provided during the year

Note 49 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in Lakhs

Particulars	March 2017	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**

Note 50 CHANGES IN PROVISIONS

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

	As at 01.04.2016	Additional Provision	Utilisation/ Reversal	As at 31.03.2017
Provision for Standard assets	15,249.40	2,180.00	-	17,429.40
Provision for Non-performing assets	1,56,055.07	1,06,315.84	56,435.00	2,05,935.91

Note 51 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

	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	-	-

Note 52 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		**12,23,680.00**	**2,43,380.00**	**14,67,060.00**

As on 31 March, 2016:

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended 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	8.70% - 9.00%	1,89,200.00	-	1,89,200.00
Maturing between 3 years to 5 years	8.48% - 9.45%	2,01,950.00	-	2,01,950.00
Maturing between 1 year to 3 years	8.48% - 10.25%	3,39,240.00	-	3,39,240.00
Maturing within 1 year	8.57% - 10.20%	-	2,34,470.00	2,34,470.00
Total		**7,30,390.00**	**2,34,470.00**	**9,64,860.00**

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 between 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 :				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.65% - 9.75%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	9.65% - 9.75%	90,000.00	-	90,000.00
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 -				

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.00% - 9.30%	19,781.75	-	19,781.75
Maturing between 1 year to 3 years	9.30% - 9.65%	1,07,512.54	-	1,07,512.54
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 -				
Maturing beyond 3 years to 5 years	9.45% - 9.70%	53,333.33	-	53,333.33
Maturing between 1 year to 3 years	9.65% - 9.75%	1,16,000.00	-	1,16,000.00
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 -				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.34% - 9.70%	1,20,933.33	-	1,20,933.33
Maturing between 1 year to 3 years	9.34% - 9.70%	1,81,933.33	-	1,81,933.33
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 on March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on installments :				
Maturing between 3 years to 5 years	7.65% - 9.30%	2,054.80	-	2,054.80
Maturing between 1 year to 3 years	7.65% - 9.30%	6,339.39	-	6,339.39
Maturing 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 on March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on installments :				
Maturing beyond 5 years	9.30% - 9.55%	475.40	-	475.40
Maturing between 3 years to 5 years	8.85% - 9.55%	4,847.48	-	4,847.48
Maturing between 1 year to 3 years	8.85% - 9.70%	9,863.12	-	9,863.12
Maturing 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 on March 31, 2017

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended 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 on 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 between 1 year to 3 years	LIBOR plus spread 1.07% - 2.20%	53,227.83		53,227.83
Maturing 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 on 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	1.99% - 4.01%	7,658.73	-	7,658.73
Maturing between 3 years to 5 years	1.99% - 4.01%	30,360.60	-	30,360.60
Maturing between 1 year to 3 years	1.99% - 4.01%	80,277.23	-	80,277.23
Maturing 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 on 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	1.99% - 3.69%	5,657.04	-	5,657.04
Maturing between 3 years to 5 years	1.99% - 3.69%	32,704.62	-	32,704.62
Maturing between 1 year to 3 years	1.99% - 3.69%	70,199.81	-	70,199.81
Maturing within 1 year	1.99% - 3.69%	-	52,566.87	52,566.87
Total		**108,561.47**	**52,566.87**	**1,61,128.34**

Note 53 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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) 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**

iv) Fixed deposits

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (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	Long-term (c) Current maturities	Total
Maturing beyond 3 years	8.20% - 10.10%	-	15,832.63	-	15,832.63
Maturing between 1 year to 3 years	8.20% - 10.60%	-	272,018.38	-	272,018.38
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**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Note 54 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	Total
Repayable on maturity :		
Maturing within 1 year	7.90% -12.35%	1,59,119.35
Total		**1,59,119.35**

As at March 31, 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 at March 31, 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 at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.86%	55,269.45
Total		**55,269.45**

iii) Commercial papers

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	6.65% - 7.60%	3,85,500.00
Total		**3,85,500.00**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

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		**2,96,000.00**

Note 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

	Period ended March 31, 2017			Period ended March 31, 2016		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	7,06,753.70	13,931.90	7,20,685.60	6,48,578.22	11,166.77	6,59,744.99
Inter segment revenue	2,158.57	4,371.65	6,530.22	2,156.89	3,870.07	6,026.96
Total revenue	**7,08,912.27**	**18,303.55**	**7,27,215.82**	**6,50,735.11**	**15,036.84**	**6,65,771.95**
Segment results (Profit before tax and after interest on financing segment	77,670.60	6,104.85	83,775.45	1,15,341.52	7,070.46	1,22,411.98
Less: Interest on unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	**77,670.60**	**6,104.85**	**83,775.45**	**1,15,341.52**	**7,070.46**	**1,22,411.98**
Less: Income taxes	-	-	30,805.47	-	-	43,671.83
Net profit	-	-	52,969.98	-	-	78,740.15
Other information:						
Segment assets	52,42,386.18	5,166.72	52,47,552.90	4,421,783.71	8,378.57	44,30,162.28
Unallocated corporate assets			93,104.25			70,347.26
Total assets	52,42,386.18	5,166.72	53,40,657.15	4,421,783.71	8,378.57	45,00,509.54
Segment liabilities	46,31,965.16	2,696.33	46,34,661.49	3,845,188.24	1,803.60	38,46,991.84
Unallocated corporate liabilities			-			-
Total liabilities	46,31,965.16	2,696.33	46,34,661.49	38,45,188.24	1,803.60	38,46,991.84
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**

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31, 2017

Note 56 DISCLOSURE REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In Lakhs)	As % of consolidated profit & loss	Amount (Rs. In Lakhs)
Parent				
Mahindra & Mahindra Financial Services Limited	93.16%	6,57,686.45	73.17%	38,755.83
Subsidiaries				
Indian				
1. Mahindra Insurance Brokers Limited	2.33%	16,469.38	8.51%	4,509.10
2. Mahindra Rural Housing Finance Limited	2.42%	17,088.71	13.76%	7,289.95
3. Mahindra Asset Management Company Limited	(0.39%)	(2,783.63)	(3.87%)	(2,047.35)
4. Mahindra Trustee Company Private Limited	0.00%	(27.81)	(0.04%)	(20.36)
Foreign				
Minority Interests in all Subsidiaries	1.41%	9,980.11	3.41%	1,806.31
Associates				
Indian				
Foreign				
Joint Ventures (as per proportionate consolidation / investment as per the equity Method				
Indian				
Foreign				
1. Mahindra Finance USA, LLC	1.07%	7,582.45	5.05%	2,676.50
Total	**100.00%**	**705,995.66**	**100.00%**	**52,969.98**

Note 57 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER FOUND NECESSARY

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

C.B. Bhave
Director

V. Ravi
Executive Director &
Chief Financial Officer

Ramesh Iyer
Vice-Chairman &
Managing Director

Rama Bijapurkar
Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

ANNEXURE A

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

PART "A": SUBSIDIARIES

Rs. in Lakhs

1	Sr. No.	1	2	3	4
2	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra Asset Management Company Pvt. Ltd.	Mahindra Trustee Company Pvt. Ltd.
3	Reporting period for the subsidiary concerned	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
5	Share Capital	257.73	9,513.22	9,100.00	50.00
6	Reserves & Surplus	26,619.60	38,074.99	(2,498.65)	(27.80)
7	Total Assets	29,008.85	4,91,488.65	7,178.40	23.78
8	Total Liabilities	29,008.85	4,91,488.65	7,178.40	23.78
9	Investments	11,940.00	-	6,347.78	17.06
10	Turnover	17,423.47	70,336.89	-	-
11	Profit before taxation	8,172.57	12,690.25	(2,047.36)	(20.35)
12	Provision for taxation	2,867.75	4,389.71	-	-
13	Profit after taxation	5,304.82	8,300.55	(2,047.36)	(20.35)
14	Proposed dividend & tax thereon	542.85	1,717.52	-	-
15	% of shareholding	85.00	87.50	100.00	100.00

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

C.B. Bhave
Director

V. Ravi
Executive Director & Chief Financial Officer

Rama Bijapurkar
Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Joint Venture(s)		Mahindra Finance USA, LLC
1.	Latest audited Balance Sheet Date	March 31, 2017
2.	Shares of Associate/Joint Venture(s) held by the company on the year end	
	Number	6,44,04,801
	Amount of Investment in Associates/Joint Venture (Rs. in Lakhs)	18,429.15
	Extent of Holding %	49.00
3.	Description of how there is significant influence	Power to influence decisions
4.	Reason why the associate/joint venture is not consolidated	Not Applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in Lakhs)	28,057.52
6.	Profit/Loss for the year	
	i. Considered in Consolidation (Rs. in Lakhs)	2,676.51
	ii. Not Considered in Consolidation (Rs. in Lakhs)	2,785.76

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman &
Managing Director

C.B. Bhave
Director

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Executive Director &
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Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

NOTES

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Mahindra FINANCE

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P. K. Kurne Chowk, Worli, Mumbai - 400 018
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