Mahindra FINANCE

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

Tel: +91 22 66526000
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+91 22 24984171

28th July, 2018

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 2017-18

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, 2018, approved and adopted by the Members at the 28th Annual General Meeting of the Company held on 27th July, 2018.

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

Mahindra & Mahindra Financial Services Limited ★ Mumbai

Encl: a/a

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Mahindra FINANCE



DREAMING TOGETHER
DELIVERING TOGETHER

ANNUAL REPORT 2017-18

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2017-18 highlights

Total Income

Rs. **7,206** crore

16% (y-o-y growth)

Profit After Tax (PAT)

Rs. **892** crore

123% (y-o-y growth)

Earnings Per Share (Basic)

Rs. **15.35**

117% (y-o-y growth)

View this Annual Report online
www.mahindrafinance.com

DREAMING TOGETHER
DELIVERING TOGETHER

AT MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED (MAHINDRA FINANCE), OUR MULTIPLE BUSINESSES ARE A LOGICAL EXTENSION OF BEING A FACILITATOR OF RURAL TRANSFORMATION.

We are dreaming our stakeholders' dreams and delivering together with them to sustain and grow a business that facilitates India's growth at the grassroots level in myriad ways.

We work tirelessly to understand the aspirations of those in the rural heartland of the nation and help actualise their goals. We aspire to fulfil the role of a catalyst in the development of rural India. Our model of doing business is socially inclusive. To this end, we have created financial solutions that empower and enable our customers to rise above their situations.

We understand that to be able to deliver on the dreams, we need to work together towards a common goal. Our long-standing experience in this sector and the expertise of our management provide us with the ability to understand the exact requirements of our target market. This helps us provide the necessary range of financial products and services through our nationwide distribution network.

At the heart of everything we do, we try to deliver excellent service, making customers connected with us feel recognised, respected and valued with each interaction. Dreaming together and delivering together, we help rural India take giant strides towards a better future.

Mahindra Finance at a glance

We commenced our journey more than two decades ago, with a deep commitment to transform the landscape of semi-urban and rural India by empowering the ambitions and aspirations of millions of people.

Over the years, we have steadily diversified our offerings and extended and deepened our outreach, and the pledge with which we began our journey continues to grow stronger. Mahindra Finance is one of the leading Non-Banking Finance Companies (NBFCs), with customers primarily in the rural and semi-urban area of India. It is part of the Mahindra Group, one of the largest business conglomerates in the country.

Mahindra Finance is primarily engaged in providing financing for auto and utility vehicles, tractors, cars, commercial vehicles and pre-owned vehicles. We also undertake mutual fund distribution, fixed deposit and personal loans tailor-made for our customers in semi-urban and rural India. Our subsidiary, Mahindra Insurance Brokers Limited (MIBL), 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 (MRHFL), we provide loans for home construction, extension, purchase and improvement to of customers in rural and semi-urban India. Through Mahindra Asset Management Company Private Limited (MAMCPL), we offer a variety of mutual fund schemes pan-India, with special focus in rural and semi-urban areas. In addition, among other services, Mahindra Finance offers wholesale inventory financing to dealers and retail financing to customers in the USA for the purchase of Mahindra Group products through Mahindra Finance USA LLC, its joint venture with a subsidiary of the Rabobank group.

As on March 31, 2018

Assets under management

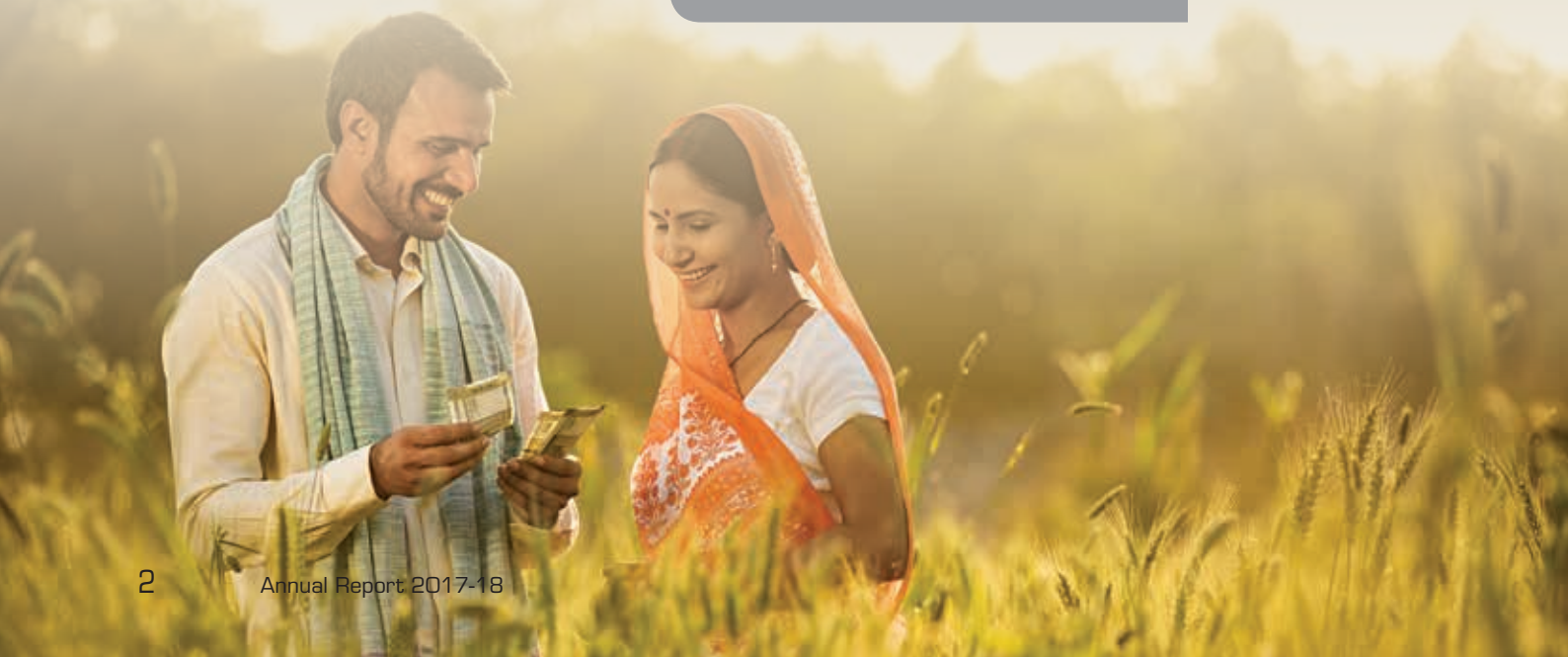
Rs. **55,101** crore

Capital adequacy ratio

21.9%

Customer base

5.3 million





Vision

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



Core purpose

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



Mission

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



Brand pillars

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change



Core values

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

OUR GROUP ARCHITECTURE

Mahindra & Mahindra Limited

Mahindra & Mahindra Financial Services Limited [51.2%]

- Mahindra Insurance Brokers Limited [80%] [1]
- Mahindra Rural Housing Finance Limited [89%] [2]
- Mahindra Asset Management Company Private Limited [100%]
- Mahindra Trustee Company Private Limited [100%]
- Mahindra Finance USA LLC (joint venture with the Rabobank Group subsidiary) [49%]

Note:

[1] Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of XL Group

[2] Balance 11% with National Housing Bank (NHB)

Product portfolio



Vehicle Financing

- Auto and utility vehicles
- Tractors
- Cars
- Commercial vehicles and construction equipment
- Pre-owned vehicles and others



SME Financing

- Project finance
- Equipment finance
- Working capital finance
- Institutional lending



Personal Loans

- Wedding
- Children's education
- Medical treatment
- Working capital



Insurance Broking *

- Retail customers
- Corporates

* Through our subsidiary Mahindra Insurance Brokers Limited (MIBL)



Housing Finance*

- New house
- House renovation and improvements

* Through our subsidiary Mahindra Rural Housing Finance Limited (MRHFL)



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 wholly-owned subsidiary Mahindra Asset Management Company Private Limited (MAMCPL)

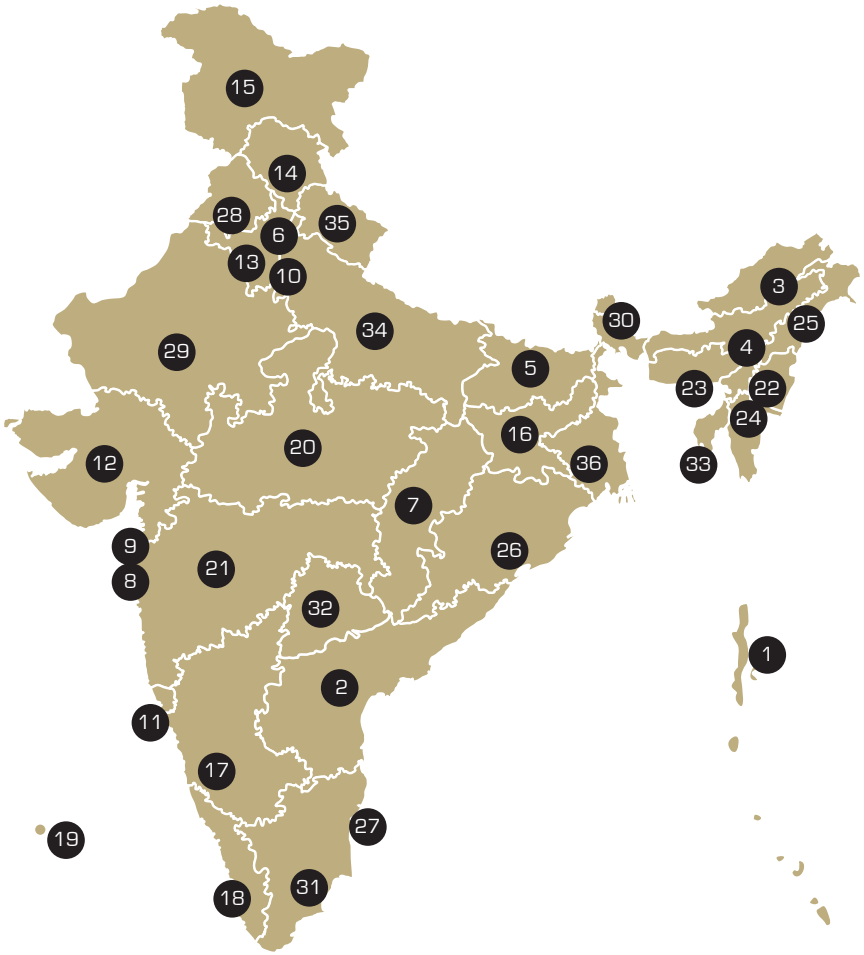


Investments

- Fixed deposits
- Mutual Fund distribution

Expansive outreach

Presence across India



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

	States & Union Territories	No. of Villages MF Presence
1	Andaman & Nicobar Islands	317
2	Andhra Pradesh	13464
3	Arunachal Pradesh	261
4	Assam	5859
5	Bihar	29205
6	Chandigarh	22
7	Chhattisgarh	13073
8	Dadra & Nagar Haveli	68
9	Daman and Diu	25
10	Delhi	280
11	Goa	18
12	Gujarat	15233
13	Haryana	6075
14	Himachal Pradesh	8238
15	Jammu and Kashmir	2405
16	Jharkhand	11898
17	Karnataka	18874
18	Kerala	1642
19	Lakshadweep	2
20	Madhya Pradesh	34974
21	Maharashtra	27057
22	Manipur	3
23	Meghalaya	1520
24	Mizoram	187
25	Nagaland	3
26	Odisha	18699
27	Puducherry	90
28	Punjab	8835
29	Rajasthan	25931
30	Sikkim	325
31	Tamil Nadu	13051
32	Telangana	9269
33	Tripura	583
34	Uttar Pradesh	57911
35	Uttarakhand	4173
36	West Bengal	23687
	GRAND TOTAL	353257

Exciting evolution

1991-94

- Incorporated as Maxi Motors Financial Services Limited
- Received certificate of commencement of business
- Name changed to Mahindra & Mahindra Financial Services Limited
- Commenced financing of M&M utility vehicles

1995-2000

- Started financing M&M dealers for purchase of tractors
- Introduced tractor retail financing in rural and semi-urban areas

2001-04

- Total assets crossed the 10 billion mark
- Got into financing of non-M&M vehicles
- Mahindra Insurance Brokers Ltd. becomes a wholly owned subsidiary

2005-06

- Completed IPO–Subscribed ~27 times

2007-08

- Commenced housing finance business through MRHFL
- Raised Rs. 414 crore through private equity

2008-09

- Equity participation of 12.5% by National Housing Bank (NHB) in MRHFL
- Recommenced the Fixed Deposit Programme

2009-10

- Crossed 1 million cumulative customer contracts

2010-11

- Maiden Qualified Institutional Placement (QIP) issue of Rs. 426 crore
- Joint venture with Rabobank's subsidiary for tractor financing in the USA

2012-13

- Stake sale in MIBL to Inclusion Resources Pvt. Ltd.
- QIP issue of Rs. 867 crore

2014-15

- Long-term debt rating upgraded to AAA by India Ratings and Brickwork
- CARE Ratings assign AAA rating to long-term debt
- Reach extended to over 1,100 offices

2015-16

- Crossed 4 million cumulative customer contracts
- Certificate of Registration received from SEBI for Mahindra Mutual Fund

2016-17

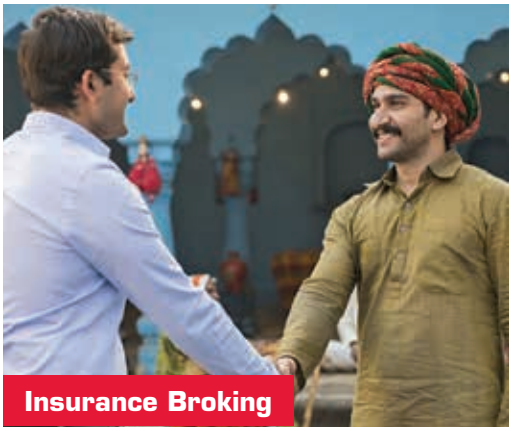
- Maiden Retail Non-Convertible Debentures (NCD) issue of Rs. 1,000 crore; oversubscribed seven times over base issue size of Rs. 250 crore

2017-18

- Raised Rs. 1,151 crore from the second Retail NCD Issue
- Sale of 5% of MIBL at a valuation of Rs. 1,300 crore
- QIP issue: Rs. 1,056 crore and preferential issue to M&M: Rs. 1,055 crore
- AUM crosses Rs. 50,000 crore

Our businesses and the year that was


Vehicle Financing


Insurance Broking


Personal Loans


Housing Finance


Mutual Fund


SME Financing



Vehicle Financing

Mahindra Finance is primarily engaged in financing of vehicles. This segment is divided into five categories: (a) auto and utility vehicles, (b) tractors, (c) cars, (d) commercial vehicles and construction equipment; and (e) pre-owned vehicles and others. The target customers are transport operators, farmers, small businessmen and self-employed and salaried individuals.

Competitive advantages

- First choice for Mahindra & Mahindra vehicles
- Strong OEM tie-ups
- Expanding network
- Ability to offer customised financing solutions
- Superior advice to customers through all stages of the project lifecycle
- Efficient and technology-enabled delivery channel
- Robust processes to deliver faster TAT
- Primary focus on the rural and semi-urban markets of India

AUTO AND UTILITY VEHICLES

Key highlights – 2017-18

- Set up smart branches within dealer outlets
- Enhanced processes to improve TAT
- Added more dealer partners

TRACTORS

Key highlights – 2017-18

- Increased proximity to customers
- Expanded rural outreach
- Reduced the average number of days taken to onboard a new client

CAR

Key highlights – 2017-18

- Expanded network of manufacturers and dealers
- Expanded reach in rural geographies
- Strengthened partnership with Ola and Uber to offer integrated vehicle financing

PRE-OWNED VEHICLES AND OTHERS

Key highlights – 2017-18

- Tied up with major OEMs to help pre-owned dealers expand their car business by offering customers attractive schemes
- Launched exclusive pre-owned dealer portal
- Simplified the No Objection Certificate (NOC) management process to enable faster loan disbursal for existing customers

COMMERCIAL VEHICLES AND CONSTRUCTION EQUIPMENT

Key highlights – 2017-18

- Established presence in new geographies
- Conducted trainings for effective on-field performance of the workforce
- Strengthened customer relationships



Personal Loans

Mahindra Finance provides personal loans primarily to its existing customers and Mahindra Group employees. These loans are typically repayable in monthly or quarterly instalments.

Competitive advantages

- Robust risk-management framework
- Use of artificial intelligence and analytics
- Proven ability to scale rapidly
- Efficient and technology-enabled delivery channel



SME Financing

Mahindra Finance provides loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to SMEs. The Company also offers institutional lending. The Company intends to leverage the existing customer base and the strengths of the Mahindra Group to target the auto ancillary, engineering and food and agri-processing sectors through this business.

Competitive advantages

- Proven ability to support food and agri-processing sector SMEs through adverse seasonal cycles
- Differentiated value proposition for top-performing dealers
- Analytics-driven business mix and channel management
- Technology-led sourcing and credit decisioning for better service proposition

Key highlights – 2017-18

- Scaled up its back-end infrastructure and people capability to support the next phase of growth
- Offered customers the convenience of provisions such as availing the right quantum of loan, flexibility in collateral requirement, repayment structure linked to business cycle, quick loan sanction and easy documentation

Assets under management as on March 31, 2018

~Rs.5,000 crore

Growth in disbursement value

57%



Insurance Broking

Mahindra Finance provides insurance broking solutions to individuals and corporates through its subsidiary, MIBL which has a 'composite broking license' from the Insurance Regulatory and Development Authority of India (IRDAI), which allows it to undertake broking of life, non-life and reinsurance products. It also offers customised insurance solutions, such as Mahindra Loan Suraksha (MLS), which provides group credit term cover to retail loan customers, typically in the rural and semi-urban markets and in the case of a customer's death, the financial asset is retained with the family of deceased without further loan repayment.

Competitive advantages

- Multichannel distribution backed by strong technology platform
- Simple and innovative solutions adding value to customers

Key highlights – 2017-18

- Crossed a major milestone of servicing over ~10 million insurance cases, largely in the rural and semi-urban markets in India
- Increased insurance penetration in rural India by expanding outreach to over 2,00,000 villages

Lives covered under flagship product MLS in 2017-18

~0.7 million

Lives covered in 2017-18

~2.6 million

Housing Finance

Mahindra Finance provides housing finance to individuals through its subsidiary, MRHFL, a registered housing finance company, in which NHB owns 11% equity capital. The Company grants housing loans for purchase, construction, extension and renovation of property.

Competitive advantages

- Enriched offerings to attract self-employed customers
- Introduced door-to-door services to ensure maximum convenience of customers
- Streamlined processes to deliver faster sanctions and disbursement TAT to customers

Key highlights – 2017-18

- Created a second vertical, Affordable Housing, in addition to the existing Rural vertical to make the most of the Government's thrust on affordable housing
- Strengthened operations in the states of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh, Uttarakhand and Bihar
- Disbursed majority of the loans to rural customers with an average annual household income of less than Rs. 1.90 lakhs

Customer base as on March 31, 2018

7,79,188

Loan disbursements in 2017-18

Rs. 2,789 crore

Mutual Fund

Mahindra Mutual Fund, managed by MAMCPL, our wholly-owned subsidiary which offers rural and semi-urban India secured means to move from simple saving instruments to investing in mutual funds. The Company provides end-to-end solutions for simple and safe ways to invest. These include equity mutual funds, tax saver mutual funds, monthly income funds and other similar investment schemes. The Company also helps customers understand the benefits and, more importantly, the risks of investing in mutual funds.

Assets under management as on March 31, 2018

Rs. 3,352 crore

No. of distributors as on March 31, 2018

7,500 +

Competitive advantages

- Robust performance of the Fund's equity schemes
- Diversified and ever-expanding reach across distribution channels

Key highlights – 2017-18

- Launched two key schemes – Mahindra Mutual Fund Badhat Yojana Multi Cap Fund and Mahindra Unnati Emerging Business Yojana Mid Cap Fund
- Continued to expand its product range
- Increased engagement activities with the distributors and customers via new offices and employees across the country

How we strengthened operations

OPERATIONAL HIGHLIGHTS

01

Engaged with customers at a very personal level

02

Used analytics and Artificial Intelligence (AI) to understand the behavioural pattern of customers in order to offer better and more tailored products and services

03

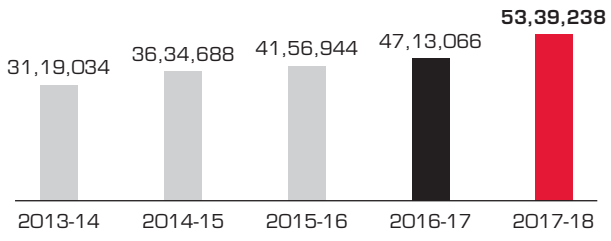
Focused business and collection approach delivered positive results together with improved reach

04

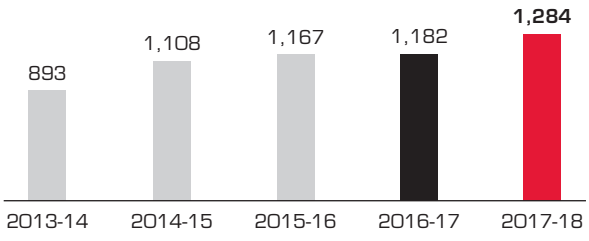
Internal customer programmes coupled with growing reach helped build strong relationships with OEMs and dealerships

OPERATIONAL PERFORMANCE

Number of contracts



Number of offices



05

Raised Rs.1,151 crore from the second Retail NCD issue

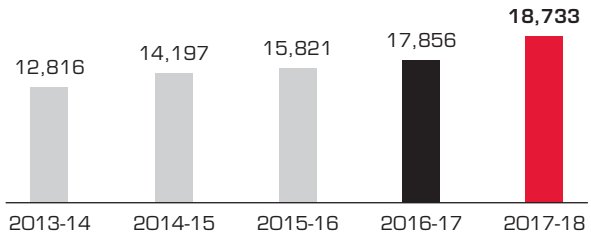
06

Customer base crosses 5 million

07

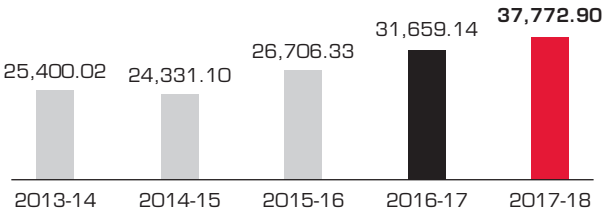
Consolidated annual profit surpasses Rs. 1,000 crore

Number of employees engaged



Estimated value of assets financed

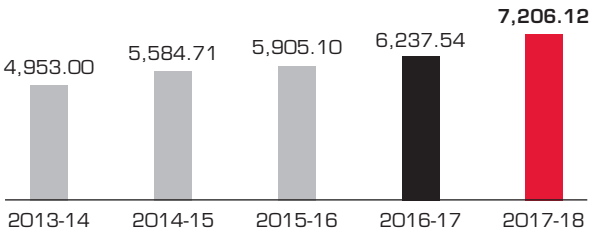
(Rs. in crore)



Key performance indicators

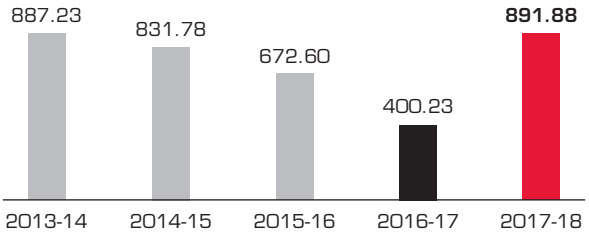
PERFORMANCE METRICS

Total Income (Rs. in crore)



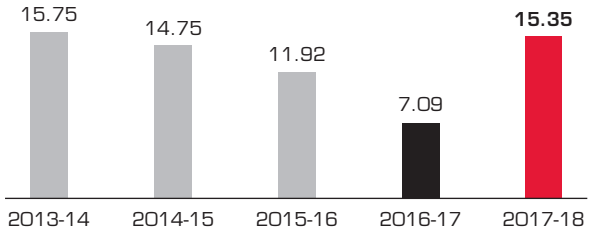
Y-o-Y growth **16%**

Profit After Tax (Rs. in crore)



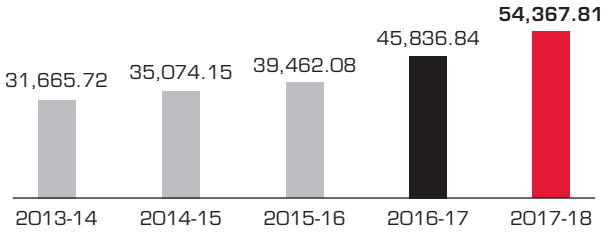
Y-o-Y growth **123%**

Earnings Per Share (Basic) (Rs.)



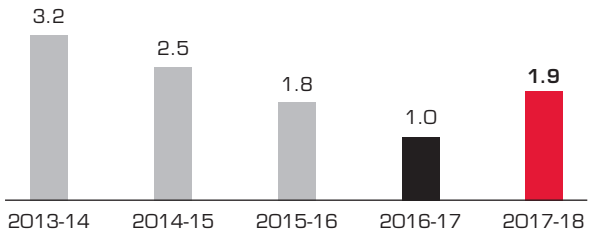
Y-o-Y growth **117%**

Total Assets (Rs. in crore)



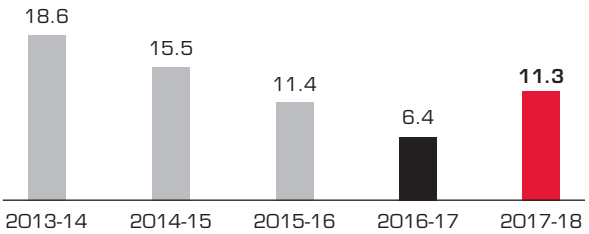
Y-o-Y growth **19%**

Return on Assets (ROA) (%)



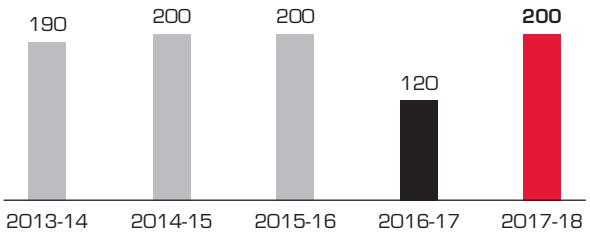
Y-o-Y growth **90%**

Return on Net Worth (RONW) (%)



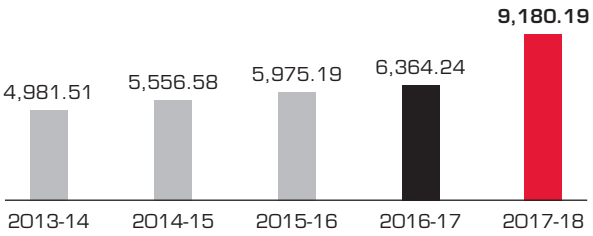
Y-o-Y growth **77%**

Dividend (%)



Y-o-Y growth **67%**

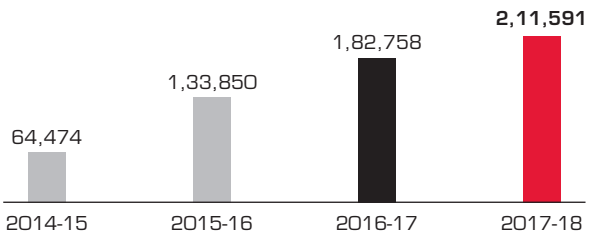
Reserves & Surplus (Rs. in crore)



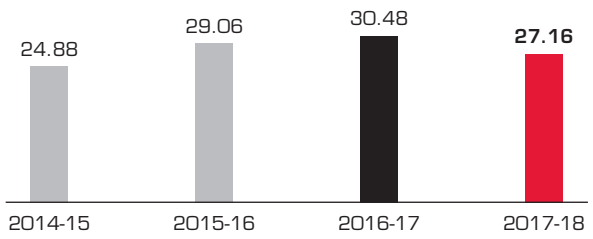
Y-o-Y growth **44%**

SOCIAL METRICS

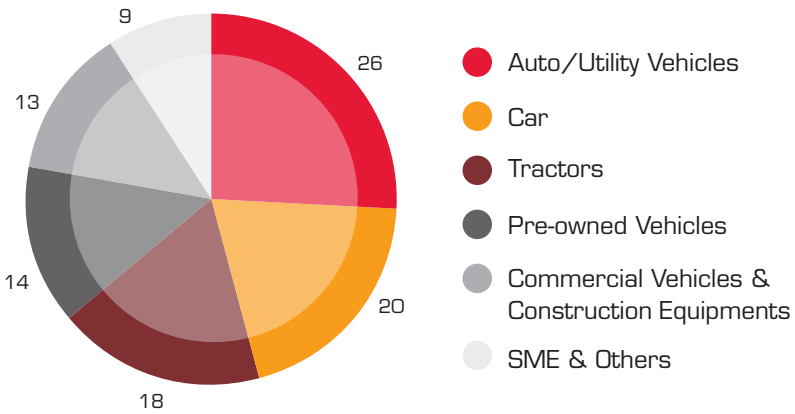
Lives impacted



CSR spend (Rs. in crore)



BREAKDOWN OF ASSETS FINANCED (AS ON MARCH 31, 2018) (%)



Proven model to deliver sustainable value

At Mahindra Finance, we focus on delivering sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships. We take a long-term view of the business and evolve an appropriate roadmap to strengthen the core fundamentals of our business.

Inputs

01

FINANCIAL CAPITAL

The financial capital to drive our business includes strong parent support and a credible reputation among investors.

02

OPERATIONAL EXPERTISE

We design our products and services in line with our customers' changing financial aspirations.

We converge the capabilities of our people and technology architecture to operate at an optimal level.

03

PEOPLE

Our people represent our strongest competitive advantage. The focus is on attracting, nurturing and inspiring teams to apply their expertise to serve our diverse clients, within the boundaries of our risk appetite and compliance requirements.

04

STAKEHOLDER RELATIONSHIPS

We foster enduring relationships with our clients, capital providers, investors and other stakeholders to remain commercially and socially relevant. These relationships underpin our legitimacy as an organisation, our reputation and the trust that stakeholders have reposed in us, forming the basis on which we compete and win.

Solutions to meet clients' evolving requirements

LOANS

Vehicle Loans, Home Loans, SME Loans and Personal Loans

INVESTMENTS

Fixed Deposits and Mutual Funds

INSURANCE BROKING

Personal Insurance, Business Insurance and Reinsurance

Returns

Revenue

Rs. **7,206** crore

Profit After Tax (PAT)

Rs. **892** crore

Dividend

200%

Value creation for each stakeholder

SHAREHOLDERS
We aim to deliver robust returns and long-term sustainable value for shareholders.

CUSTOMERS
We help our customers to fulfill their financial aspirations by offering a diversified portfolio of products and services.

EMPLOYEES
We provide learning and development opportunities to all members across hierarchies.

COMMUNITIES
We help create opportunities for employment and entrepreneurship for society and work hard to minimise our environment footprint.

PRIORITIES ON OUR RADAR

We are constantly building on our existing strengths, while at the same time envisaging our business priorities to reach new horizons of growth and opportunities.

Leverage latent potential

The NBFC market remains under-penetrated with significant upside potential, unveiling emerging opportunities for growth in financial services, both in the urban and rural economies. At Mahindra Finance, our sound financials provide us significant scope to explore organic and inorganic long-term growth opportunities. While we are open to assets that may be available at competitive valuations for inorganic growth, we are equally keen on pursuing organic opportunities.

Focus on customer centricity

We are moving closer to our existing or potential customers, listening to their requirements and trying to improve our products and services based on their insights. Our sensitivity to local cultures and aspirations has enabled us to gain the confidence of customers. We plan to build on our relationships with them to grow our business sustainably.

Expand reach and elevate operational excellence

With greater reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve upon the quality of our services and approve loans at a faster rate. We intend to increase the number of offices connected to the centralised data centre in Mumbai.

We have also rolled out an advanced version of the GPRS-enabled devices, which functions as a 'mobile office' and allows employees to initiate fresh loans and issue receipts. Our technology leverage enables us to expedite and streamline approval and documentation procedures and reduce the incidence of errors.

Rural India is rising

The Indian rural market has emerged as an important growth engine in the Indian economy. Several measures have been proposed to strengthen the rural economy in the Union Budget 2018-19.

Spending in 2018-19

Rs. 14.34 lakh crore

on the creation of livelihood in rural areas

These initiatives will, in turn, improve income levels, provide employment opportunities and build rural and agri-infrastructure, which will help stimulate overall consumption, production and investments. The initiatives are mentioned below:

- Housing for all by 2022. One crore houses to be built under the Pradhan Mantri Awas Yojana in rural areas
- In 2018-19, ministries to spend Rs. 14.34 lakh crore on the creation of livelihood in rural areas; national livelihood scheme to get Rs. 5,750 crore
- Plan to construct two crore toilets in the next fiscal under the Swachh Bharat Mission
- Eight crore poor women to get new LPG connections, while four crore poor people will get power connection under the Pradhan Mantri Saubhagya Yojana, with an estimated expenditure of Rs. 16,000 crore

BUDGETARY ALLOCATION FOR RURAL DEVELOPMENT

	2016	2017	2018 RE	2019 BE
Rural development (Rs. crore)	90,235	1,13,877	1,35,604	1,38,097
% y-o-y		26.2%	19.1%	1.8%
of which				
MGNREGS (Rs. crore)	37,341	48,215	55,000	55,000
% y-o-y		29.1%	14.1%	0.0%
Pradhan Mantri Gram Sadak Yojna (Rs. crore)	18,290	17,923	16,900	19,000
% y-o-y		-2.0%	-5.7%	12.4%
Pradhan Mantri Awas Yojna – Rural (Rs. crore)	10,116	16,071	23,000	21,000
% y-o-y		58.9%	43.1%	-8.7%
National Rural Livelihood Mission (Rs. crore)	2,514	3,158	4,350	5,750
% y-o-y		25.6%	37.8%	32.2%

Source: Union Budget 2017-18 and Union Budget 2018-19, CRISIL

CONSPICUOUS TRENDS IN THE RURAL ECONOMY

- Rural consumers are particularly driven to acquire branded, high-quality products. There is better networking among rural consumers and there is a tendency to seek information via multiple sources, while making purchase decisions.
- Rural consumers are evolving towards a broader notion of value, which involves utility, aesthetics and features of a product/service, and not just low prices.
- The number of women available for negotiation and handling of transactions is higher than before. The Government is focusing on mainstreaming of women in the agricultural sector. It has earmarked 30% of the budget allocation for women beneficiaries in all ongoing schemes and programmes and development initiatives. Women now play a more important role in purchase decisions.
- India's rural consumers are motivated by a deep desire to provide their children a better future through education and healthcare.
- Apart from the brick-and-mortar purchase, digital literacy is gaining popularity among rural consumers.

Today's rural Indian consumers have higher aspirations, are physically and digitally more strongly networked and are discerning.

ASPIRATIONAL	Brand savvy	Willing to invest in branded products for better quality
	Trading up	Want more features and better design to boost social image
	Exploring	Adopt new categories using alternative channels
NETWORKED	Connected	Increased online and offline interaction with urban counterparts
	Proactive	Seek information through multiple sources
	Empowered	Active role of women in decision making
DISCERNING	Street smart	More aware and less prone to fraudulent schemes
	Value seeking	Evaluate total value of investment, not just the price
	Social	Information sharing with strong peer effect

Committed to providing genuine financing solutions, we aim to propel rural India to higher productivity and improved socio-economic well-being.

Our overarching approach

Across semi-urban and rural India, a new world of opportunity is emerging as people are aspiring for a better quality of life. Consistent economic growth has given rural India the capability and the confidence to surge ahead.

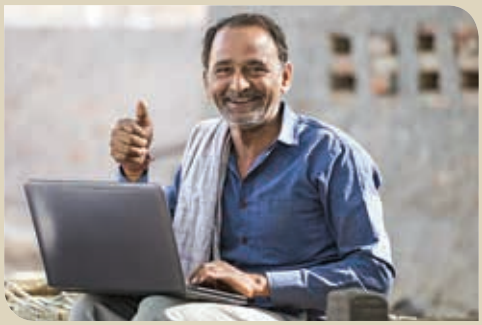
At Mahindra Finance, we are helping drive rural opportunity through our products and services. We believe, India's next level of growth is likely to emerge from its villages. We are committed to partner rural aspirations, strengthen relationships of trust with customers and evolve a viable business model focused on their requirements.

To be in step with India's rural resurgence, we implemented internal restructuring to transform our businesses into separate, independent verticals. Our competitive advantages comprises of a customer-centric mindset, pan-India outreach and the ability to design products and services, based on on-ground insight of customer aspirations and technology integration.

The broad strategy is encapsulated in a simple abbreviation, TICK (Technology, Innovation, Commitment and Knowledge).

Technology

We look at technology as an essential value creator in our business and we have always been proactive in technology adoption to enrich customer experience. Even at the broad stakeholder level, technology helps in faster dissemination of relevant information.



Innovation

We think out of the box and run the extra mile to deliver industry-leading value to our customers. We focus on catering to customer expectations in a timely and effective manner.



Commitment

We foster enduring partnerships with all our key stakeholders. We engage with customers and stakeholders to listen to their side of the story, integrate their insights into our offerings and focus on sustainable value creation.



WE ENGAGE WITH CUSTOMERS AND STAKEHOLDERS TO LISTEN TO THEIR SIDE OF THE STORY, INTEGRATE THEIR INSIGHTS INTO OUR OFFERINGS AND FOCUS ON SUSTAINABLE VALUE CREATION.

Knowledge

With presence of over two decades in the industry, we have gathered a comprehensive understanding of the semi-urban and rural markets. We continue to sharpen our industry acumen to strengthen the fundamentals of our business.



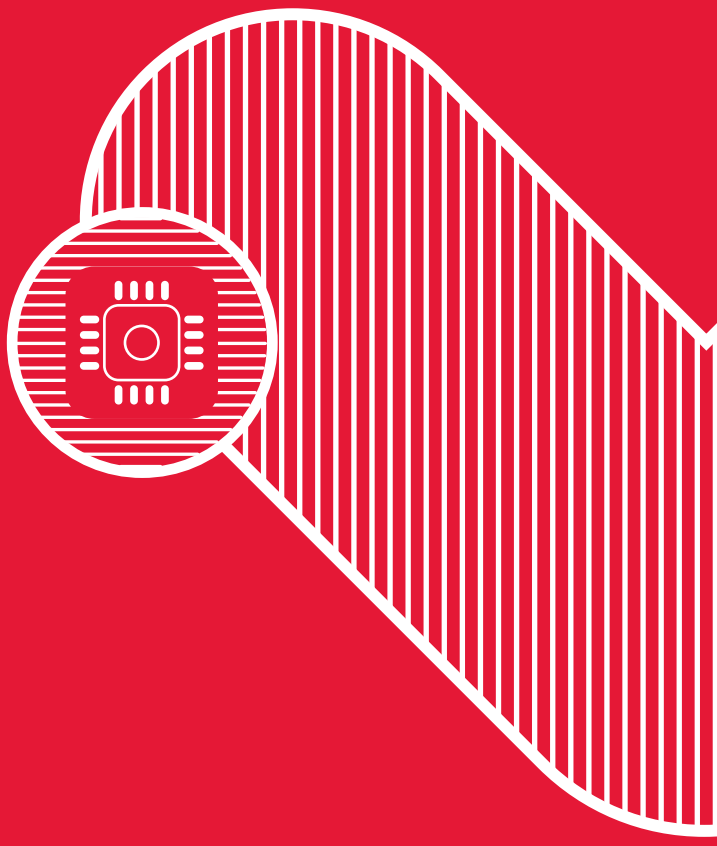
Estimated value of assets financed in 2017-18

Rs. 37,773 crore

We dream with a goal to help drive India's rural resurgence, leveraging technology, teamwork and a deep desire for knowledge accretion to create value that endures for the long term.

We move ahead in step with our customers and stakeholders and our commitment remains steadfast as ever.

WE TICK ALL THE RIGHT BOXES TO ACHIEVE OUR OBJECTIVES



Technology

Technology is our key enabler in the creation of business value. It plays a crucial role in improving productivity, reaching a broader audience and delivering better customer experience.

To know more details, visit page **24-25**



Knowledge

The collective knowledge of our people enables a performance-driven culture.

To know more details, visit page **30-31**

Commitment

Our ability to create long-term sustainable relationships with our multiple stakeholder groups based on mutual respect and fairness is at the heart of our success.

To know more details, visit page **28-29**

Innovation

The rural sector in India needs bold initiatives to enable financial inclusion and economic empowerment. We have been an enabler of self-employment, farm mechanisation, affordable housing and access to essential financial products and services.

To know more details, visit page **26-27**

What makes us TICK?

Taking technology architecture to the next level



WE HAVE ALWAYS INVESTED IN ADVANCED TECHNOLOGY, TRANSLATING INTO CUTTING-EDGE PRODUCTS AND SERVICE OFFERINGS, AND HAVE BEEN STEPPING UP THE DIGITISATION MOMENTUM.

We have always been an industry leader at the forefront of technology adoption, developing solutions that enrich customer experience and providing world-class convenience.

At Mahindra Finance, we identify the need to provide an integrated customer experience spanning various customer touchpoints, products and geographies. Automation at every level is therefore the key to improved efficiency.

We have always invested in advanced technology, translating into cutting-edge products and service offerings, and have been stepping up the digitisation momentum. As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology architecture to support our growth and improve the quality of our services.

HIGHLIGHTS

- Increased the number of offices connected to the centralised data centre in Mumbai
- Expanded the use of hand-held GPRS-enabled devices for collections enabling better monitoring
- Rolled out an advanced version of GPRS-enabled devices, which functions as a 'mobile office' and allows employees to capture loan details and issue receipts
- Created a specialised central team to strengthen deep analytics; the data provided through analytics enable us to tailor products or services in line with the changing aspirations of customers across the various regions we operate. We can also forecast market trends and consumer patterns with a measure of certainty, based on data analytics



Digital solutions for customers such as mobile app, payments and e-KYC have been rolled-out/enhanced. Various engagements for tapping into nascent technologies, and the fintech ecosystem have been undertaken.

BENEFITS

- Provides streamlined approval and documentation procedures and reduces the incidence of errors
- Allows employees across our branch network to collect and feed data to a centralised management system, providing the Senior Management with prompt operational data and treasury management
- Ability to operate the business in a centralised manner and develop better credit procedures and risk management

What makes us TICK?

Innovating for emerging rural India

We have been focusing on serving those who have limited access to formal channels of financing.

We are proud to have touched millions of lives through our innovative products and services.



Over two decades of rich knowledge enables us to develop products and services according to the specific needs of our customers across various locations. We partner with customers in fulfilling their dreams and providing them dignified livelihoods.

We have steadily grown our business segments. We offer a one-stop destination for varied financial requirements of retail and enterprise customers.

We have strategically developed new businesses and created stronger product-focused teams. Business restructuring has not only ensured improvement in business growth, but has also led to better portfolio and lower delinquencies. Our product portfolio is built around innovation and agility to meet the changing market requirements. We recognise that access to affordable finance can enhance productivity and help rural households to fulfill their financial aspirations. Our lending strategy aims to ensure that rural India benefits from secured and affordable financial solutions.

Our continued focus on stringent credit norms and superior collection skills has helped us in maintaining asset quality over the years. We have established a robust risk management framework and are continuously reinforcing our risk governance.



BUILDING BUSINESS WITHIN BUSINESS

We are creating a large base by focusing on core areas. Our approach is to concentrate on existing customers to sell more products. This will help us:

- Become a trusted provider of varied products and services
- Understand the customer's creditworthiness & cash flow and use that information to plan our offerings better

WE RECOGNISE THAT ACCESS TO AFFORDABLE FINANCE CAN ENHANCE PRODUCTIVITY AND HELP RURAL HOUSEHOLDS TO FULFILL THEIR FINANCIAL ASPIRATIONS.

What makes us TICK?

Committed to build relationships

We believe in reaching customers, whatever the location or the social stratum. The cornerstone of our continued growth over the years has been our ability and commitment to have a deep local connect with markets, customers and their changing aspirations.

Dealer relationships as on March 31, 2018

17,000 +

Total customers funded as on March 31, 2018

13%
percentage increase

We have a robust sales team, visiting customers in every corner of the country. In addition, we believe in continuous engagement with business partners and other stakeholders to grow sustainably.

MAINTAINING STRONG RELATIONSHIPS AND REACH

Our focused efforts on both the asset and liability sides of the balance sheet, with a balanced funding mix, along with our leadership position in rural market, provide an added advantage. We are the preferred partners of prominent OEMs. We have strategically entered and developed new businesses spread across multiple locations.

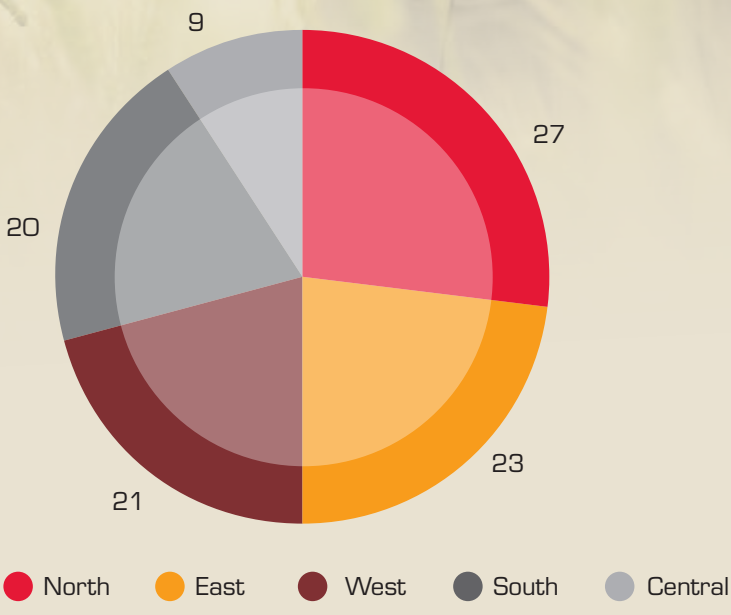
Our fund mix is evenly distributed across the major financial instruments and institutions. Besides, we have also adhered to all the regulatory requirements of the industry. We believe in transparency and candid communication with our investors and regulators. These initiatives have helped us emerge as one of India's most respected NBFCs. Our undiluted focus on value-based approach to business at all times keeps augmenting our goodwill quotient. This gets echoed in sizeable repeat and referral business opportunities from the existing and past customers.

STRONG BALANCE SHEET

We maintain our asset quality by adhering to stringent credit evaluation standards and interacting with customers directly and regularly. We ensure that prudent Loan-to-Value (LTV) ratios are adhered to while lending. The Company enjoys high credit rating on its financial instruments, which enables it to raise funds at competitive rates.

LOAN ASSETS AS ON MARCH 2018

(%)



What makes us TICK?

Nurturing a knowledge-driven culture



Over two decades of experience in this sector gives us rich knowledge and insight that has stood us in great stead in all these years. We stay dedicated to elevating our business acumen and agility, steadily and sustainably.

PROXIMITY TO CUSTOMERS

Understanding client needs, pursuing new opportunities for them, addressing them and delivering unique solutions as per their expectations is vital to us. Since inception, Mahindra Finance has been functioning as a positive change agent in rural India by catering to the financial needs of rural and semi-urban India. The Company has been successful over the years because of its ability to anticipate market needs and business trends and has responded with the right combination of products and partnerships. 'Selfie with customer' remains a key engaging initiative. We also conduct regular melas at local villages, which help for both collections and direct marketing.

INTEGRITY AND TEAMWORK

Our people are an important asset to us and are essential to secure the trust of our stakeholders at all times. We strive to be an employer of choice and are fully committed to improving the safety of our people.

Our work environment encourages a culture of teamwork, continuous learning and work-life balance. We also conduct culture-focused initiatives such as Rise Run and Rise Awards, which enable our people to contribute to organisational growth. The Company encourages all employees to advance their career through several learning programmes. Some of the highlights of such programmes are enumerated below:

- Movement from periodic classrooms to blended training modules to increase coverage, ensuring standardisation
- Need-based trainings to sharpen competence with specific focus on ROIs
- Tie-up with foreign and national universities for leadership development for exposure and



awareness on international best practices

- Digital induction programme on products, business processes and aptitude training
- Competency centres to identify people with high potential and help them leverage their potential through focused developed interventions
- Employee recognition programmes (Going Extra Mile, Annual Convention Award, Star Performer of the Month, Star Performer of the Quarter, Long Service recognition, In the Moment recognition using Thank you cards and RISE Awards)

Pan-India offices as on March 31, 2018

1,284

Team members as on March 31, 2018

18,733

Corporate Social Responsibility

Our CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities around us. The endeavour is to empower the rural communities and help them to unleash their potential. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation and community welfare.



MAJOR CSR PROJECTS UNDERTAKEN IN 2017-18

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

Project Hunnar
Vocational Training: Through the Hire-Train-Deploy (HTD) model, we conducted vocational training programmes for 513 rural educated youths to make them employable.

Skill Development Training for People with Disabilities: We established a Divyang Vikas Kendra to train 250 people with disabilities to make them employable.

Drivers Training for Women: We empowered 220 underprivileged women and provided them with opportunities to become professional and commercial drivers. This programme has transformed lives of women to earn a dignified life in their family and community.

Nanhi Kali
Provision of educational support to 9,400 underprivileged girls from poor urban and remote rural areas across India.

Mahindra Pride School
It is a 3 months livelihood training programme providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged sections. 2,612 youths were trained.

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, gynecologic and diagnostic services. 517 thalassemic children have benefited through day care centres established in rural and urban locations.

Lifeline Express
A hospital on wheels, in association with Impact India Foundation, provided on-the-











spot diagnostic, surgical and other medical services to 8,010 underprivileged people in Balharshah (Maharashtra).

Ambulance Donation
Various patients were able to access primary healthcare services as commute from tribal village to a nearby hospital was not a challenge anymore with Mahindra Finance sponsored ambulances.

FSS CSR Day
We celebrated the FSS CSR Day on the occasion of Founder's Day by organising blood donation drives across India. This initiative was conducted on a single day at 866 locations and 7,259 blood units were collected.

Swachh Bharat
We conducted 17 activities related to sanitation and hygiene in urban and rural areas.

Mahindra Hariyali
It is an initiative to improve green cover and protect biodiversity in the country. We planted over 1,22,000 saplings across India.

AWARD

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

Number of lives impacted in 2017-18

1,74,833
through various healthcare projects

Employee's participation in 2017-18

84%
in CSR activities

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

Recognitions that we cherish



Mr. Ramesh Iyer received the prestigious Asia Pacific Entrepreneurship Award (APEA) 2017 India



Mr. V. Ravi received the '100 Top Most Influential BFSI Leaders Citation' award given by World BFSI Congress & Awards

Recognised among Top 19 in Aon Best Employer List 2017	Ranked 49th in India's Best Companies to Work for, 2017 by The Great Place to Work Institute and Economic Times	Appraised and rated at People CMM® Maturity Level 5
Listed on Dow Jones Sustainability Index (DJSI) for the fifth year in a row	Included in the Sustainability Yearbook 2018 by RobecoSAM	Honoured with the Indian Development Foundation (IDF) CSR Award
Adjudged as the runner-up in the Business World HR Excellence Award for Excellence in Learning and Development	Conferred with the Equal Opportunity Employer Award during the 4th National Conference on Disability by Sarthak Educational Trust	Received the prestigious ET Best BFSI Brands 2018 Award

Recognised by Working Mother and AVTAR 100 Best Companies for Women in India 2017

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. Pardiwalla

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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
V. S. Parthasarathy

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

IT Strategy Committee
C. B. Bhave (Chairman)
Ramesh Iyer
V. Ravi
Gururaj Rao (Chief Information Officer)

Committee for Strategic Investments
M. G. Bhide
Dhananjay Mungale
V. S. Parthasarathy
Dr. Anish Shah

AUDITORS
B S R & Co. LLP
Chartered Accountants,
5th Floor, Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai – 400 011.

SOLICITORS
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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

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Karvy Selenium, Tower B,
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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 Ltd.
Bank of America
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Citibank N.A.
Corporation Bank
Dena Bank
Development Bank of Singapore Ltd.
Federal Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Indian Bank
IndusInd Bank Ltd.
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Small Industries Development Bank of India
Société Générale
Standard Chartered Bank
State Bank of India
Syndicate Bank
The Bank of Novascotia
The Catholic Syrian Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
UCO Bank
Union Bank of India
Vijaya Bank
Yes Bank Ltd.

Summary of Results

(Rupees in lakhs unless indicated otherwise)

Sr. No.	Particulars	F- 2018	F- 2017	F- 2016	F- 2015	F- 2014	F- 2013	F- 2012	F- 2011	F- 2010	F- 2009
1	Estimated Value of Assets Financed	3777290	3165914	2670633	2433110	2540002	2383858	1950433	1441987	891536	628122
2	No. of Contracts	5339238	4713066	4156944	3634688	3119034	2557172	2024038	1557622	1189848	973493
3	Total Assets	5436781	4583684	3946208	3507415	3166572	2549242	1856156	1368297	942578	775898
4	Total Income	720612	623754	590510	558471	495300	389470	279459	197751	155026	137787
5	Profit before depreciation & tax	141694	66609	107907	129516	137006	130144	94482	71824	53047	33435
6	Depreciation	4419	4602	4089	4152	2430	2224	1956	1579	990	873
7	Profit before tax	137275	62007	103818	125364	134577	127920	92526	70245	52057	32562
8	Profit after tax	89188	40023	67260	83178	88723	88269	62012	46311	34271	21452
9	Dividend %	200	120	200	200	190	180	140	100	75	55
10	Equity Share Capital	12290	11301	11292	11283	11271	11260	10269	10245	9598	9571
11	Reserves & Surplus	918019	636424	597519	555658	498151	434197	284832	238764	163258	137345
12	Net Worth	930309	647724	608811	566941	509422	445458	295101	249009	172856	146916
13	No. of Employees Engaged	18733	17856	15821	14197	12816	11270	9715	8723	6972	5981
14	No. of Offices	1284	1182	1167	1108	893	657	607	547	459	436
15	Earnings Per Share - Basic (Rs.) (Face value - Rs.2/- per share)	15.35	7.09	11.92	14.75	15.75	16.59	12.09	9.57	7.16	4.49
16	Earnings Per Share - Diluted (Rs.) (Face value - Rs.2/- per share)	15.33	7.04	11.83	14.62	15.60	16.40	11.93	8.91	7.07	4.43

Board's Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Eighth Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2018.

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

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 19% to Rs. 8,573.5 Crores as compared to Rs. 7,200.7 Crores in 2016-17;
- Consolidated income from operations for the year was Rs. 8,533.1 Crores as compared to Rs. 7,146.2 Crores in 2016-17, a growth of 19%;
- Consolidated profit before tax for the year was Rs.1,661.7 Crores as compared to Rs. 837.8 Crores in 2016-17;
- Consolidated profit after tax and minority interest for the year was Rs. 1,023.9 Crores as compared to Rs.511.6 Crores in 2016-17.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2018	March 2017	March 2018	March 2017
Total Income	8,573.5	7,200.7	7,206.1	6,237.5
Less : Finance Costs	3,426.3	3,186.2	3,000.4	2,857.4
Expenditure	3,481.0	3,123.0	2,853.7	2,714.0
Depreciation/Amortisation	55.2	53.7	44.2	46.0
Total Expenses	6,962.5	6,362.9	5,898.3	5,617.4
Profit Before Exceptional Items and Taxes	1,611.0	837.8	1,307.8	620.1
Exceptional Items (net) - income / (expense)	50.7	-	65.0	-
Profit Before Tax	1,661.7	-	1,372.8	-
Less : Provision For Tax				
Current Tax	676.3	463.5	543.1	363.5
Deferred Tax	(66.0)	(155.4)	(62.2)	(143.6)
Profit After Tax for the Year before Minority Interest	1,051.4	529.7	891.9	400.2
Less : Minority Interest	27.5	18.1	-	-
Profit After Tax for the Year after Minority Interest	1,023.9	511.6	891.9	400.2
Add : Amount brought forward from Previous Years	2,850.5	2,522.4	2,489.0	2,240.5
Less: Corporate Dividend and Dividend Distribution Tax	164.3	2.8	161.0	-
Less: Transitional charge in respect of Mark to Market loss on derivative transactions	-	5.1	-	5.1
Amount available for Appropriation	3,710.1	3,026.1	3,219.9	2,635.6
Appropriations				
General Reserve	88.4	40.0	89.2	40.0
Statutory Reserve	224.3	109.1	178.4	80.1
Debenture Redemption Reserve	50.5	26.5	50.5	26.5
Surplus carried to Balance Sheet	3,346.9	2,850.5	2,901.8	2,489.0

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 89.2 Crores to the General Reserve, Rs.178.4 Crores to the Statutory Reserve and Rs.50.5 Crores to the Debenture Redemption Reserve. An amount of Rs.2,901.8 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 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 for the Financial Year 2017-18 will absorb a sum of Rs. 293.8 Crores [as against 161.0 Crores on account of dividend of Rs. 2.4 per Equity Share and tax thereon, paid for the previous year].

DIVIDEND DISTRIBUTION POLICY

The Board of Directors at its Meeting held on 25th October, 2016, approved and adopted the Dividend Distribution Policy, 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.3,39,065 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2010 was transferred in September, 2017 to the Investor Education and Protection Fund Authority.

OPERATIONS

After three years of subdued rural consumption, there were increasing signs of rural growth recovery with catalysts driving the awaited revival in rural demand. While two successive years of normal monsoon portend well for farm output, the combination of Minimum Support Price (MSP) hikes, direct benefit transfers and farm loan waivers contributed to disposable incomes. The rural sentiments turned positive and the Company did see an improvement in its performance, both in sales as well as overall collections.

Being largely engaged in the semi-urban and rural areas of the country, major part of the Company's collection is in cash. Your Company however continues to educate its customers to adopt digital and online modes of repayment including Unified Payments Interface (UPI) and Aadhaar Enabled Payment System (AEPS).

While fulfilling its mission of Financial Inclusion, your Company has also built a deep knowledge of customers with micro-data points ranging from income, payment behaviours, socio-economic status and other indirect data. The Company is successfully mining this data to build powerful analytics models extended through digital platforms for customer acquisition, collections, NPA management, customer engagement, forecasting business trends, etc. Your Company has also successfully integrated India Stack capabilities like eKYC, eSign, etc., and digital payment channels in its platforms to serve customers even in low-connectivity remote locations. Among the early adopters of blockchain technology, your Company has in the year under review, launched a vendor financing platform powered by blockchain. This cloud based application is one of the first such blockchain-enabled projects in South Asia, outside of traditional banking.

Your Company remains a significant financier to its customers in rural and semi-urban geographies by providing a wide range of easy and affordable products and services. Your Company consolidated its position as a leading financier in all Aggregator and Self-drive vehicles segment. Your Company expanded vide its channel connect with leading car dealers, and yet again emerged as a major financier for Maruti vehicles in semi-urban and rural India during this fiscal. Your Company has retained 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) and also continued to be the preferred financier for Hyundai, Renault and Nissan range of vehicles.

Your Company further expanded its geographical presence by reaching out to untapped villages and increased its footprint by opening new branches and making it more accessible to its customers. New financial products and services were introduced during the year, to meet various lifecycle needs of its customers and your Company focused on building additional skill sets and digital capabilities to meet such requirements. Your Company has also enhanced the offerings in-used tractor financing and agri-implements, thereby playing a key role in farm mechanisation across the country.

Your Company strengthened its pan-India presence with a network of 1,284 offices, which is one of the largest amongst Non-Banking Financial Companies. In addition to these offices, your Company has during the year under review, set up over 200 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.

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 believes that incessantly serving its customers and channel partners and enhancing customer relationship is the starting point of a great successful journey.

Your Company has earned the trust and confidence of its customers with its consistent, transparent and reliable services and as a result, customer satisfaction across its network continues to remain high. Your Company has cumulatively financed the aspirations of over 5.3 million customers since its inception, most of whom had no prior credit history. Your Company's philosophy of helping rural customers by providing easy finance at their doorstep has given a big boost in transforming rural lives.

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. 4,988.04 Crores during the period under review, covering 3,017 customers.

In the year under review, the effect of demonetisation has substantially come down with improved availability of currency notes. Further with the stabilization of the Goods and Services Tax (GST) the temporary downward impact witnessed during the roll-out has been adequately addressed.

The overall disbursement registered a growth of 19% at Rs. 37,772.9 Crores as compared to Rs. 31,659.1 Crores in the previous year. Total Income grew by Rs. 968.6 Crores to Rs.7,206.1 Crores for the year ended 31st March, 2018 as compared to Rs.6,237.5 Crores for the previous year. Profit Before Tax (PBT) grew by Rs.752.6 Crores to Rs.1,372.7 Crores as compared to Rs. 620.1 Crores for the previous year. Profit After Tax (PAT) increased by Rs. 491.7 Crores to Rs. 891.9 Crores as compared to Rs.400.2 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 55,101 Crores as at 31st March, 2018 as against Rs. 46,776 Crores as at 31st March, 2017, a growth of 18%.

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 161 branches covering 23 States.

As on 31st March, 2018, the amount of Assets Under Management outstanding through the Company's Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 2,331.40 Crores and the number of clients stood at 59,506.

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. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. 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, forms part of the Annual Report.

SHARE CAPITAL

During the year under review, your Company received the approval of its shareholders to issue upto 2.5 Crores Equity Shares by way of Preferential Allotment to its promoter, Mahindra & Mahindra Limited ("Promoter") and upto 2.4 Crores Equity Shares by way of Qualified Institutions Placement ("QIP") and successfully raised a total of Rs. 2,111 Crores through the above issuances made to both its Promoter and a mix of domestic and international Qualified Institutional Buyers.

- **Preferential Allotment**
  The Company made a preferential allotment of 2,50,00,000 Equity Shares on 30th November, 2017, to its holding company, Mahindra & Mahindra Limited at a price of Rs.422 per Equity Share, including a premium of Rs. 420 per Equity Share, raising a sum of Rs.1,055 Crores.

- **Qualified Institutions Placement (QIP)**
  On 7th December, 2017, your Company successfully concluded the QIP issue to Qualified Institutional Buyers aggregating Rs. 1,056 Crores

through the issue of 2,40,00,000 Equity Shares of the Face Value of Rs. 2 each at an issue price of Rs. 440 per Equity Share including a premium of Rs. 438 per Equity Share, which is a premium to the price of Rs. 439.63 per share, arrived at as per Regulation 85 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The QIP launched by your Company received an overwhelming response, as seen by the issue being subscribed multiple times and the strong participation from renowned International and Domestic Institutional Investors.

Consequent to the Preferential Allotment and QIP, the issued, subscribed and paid-up Equity Share Capital of the Company stood at Rs.123.55 Crores as at 31st March, 2018, comprising of 61,77,64,960 Equity Shares of the face value of Rs. 2 each, fully paid-up.

With the Promoter maintaining majority shareholding, your Company continues to benefit by leveraging the financial and operational synergies with its Promoter and with the simultaneous QIP issuance, it has been able to diversify its investor base.

Your Company has duly utilised the issue proceeds raised through the Preferential Issue and QIP, to augment its long-term resources for meeting business growth and funding requirements, strengthen its capital adequacy, make investments in its Subsidiaries and Joint Venture, for other general corporate purposes and for payment of Issue expenses. This is in line with the issue purpose mentioned in the Explanatory Statement of the Notice of the Extraordinary General Meeting dated 1st November, 2017 and the Placement Document filed with various Regulatory Authorities. Details of these Issues and the end use of funds were furnished to the Audit Committee.

During the year under review, your 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, 2018, 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 62,130 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 S R & Co. LLP, Chartered Accountants, 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

At 3.8 percent, global growth last year was 0.5 percentage point faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010). The preliminary outcome for global growth in 2017 was 0.2 percentage point stronger than forecast, in the October 2017 World Economic Outlook (WEO), with upside surprises in the second half of 2017 in advanced as well as emerging markets and developing economies.

Resurgent investment spending in advanced economies and an end to the investment decline in some commodity exporting emerging markets and

developing economies were important drivers of the uptick in global GDP growth and manufacturing activity. Across advanced economies, the 0.6 percentage point pickup in 2017 growth relative to 2016 is explained almost entirely by investment spending, which remained weak since the 2008–09 global financial crisis and was particularly subdued in 2016. Both stronger gross fixed capital formation and an acceleration in stock building contributed to the pickup in investment, with accommodative monetary policy, stronger balance sheets, and an improved outlook helping release pent-up demand for capital goods.

Global growth is projected to strengthen from 3.8 percent in 2017 to 3.9 percent in 2018 and 2019, driven by a projected pickup in growth in emerging markets and developing economies and resilient growth in advanced economies. The forecast for 2018 and 2019 is stronger than in the October 2017 WEO by 0.2 percentage point for each year, with positive revisions compared with the October 2017 WEO for emerging markets and developing economies and especially for advanced economies. The global effects of US fiscal policy changes account for almost half of the global growth upgrade for 2018–19 compared with October. Beyond 2019, global growth is projected to gradually decline to 3.7 percent by the end of the forecast horizon. The slowdown is entirely because of advanced economies, where growth is projected to moderate in line with their modest potential growth; growth across emerging markets and developing economies is expected to stabilize close to the current level. (Source: IMF)

Domestic

Domestic economic activity shrugged off the loss of speed that had characterised the period Q1:2016-17 to Q1:2017-18 and a turning point appears to have taken hold in Q2-Q3, with lead indicators pointing to further acceleration in Q4. In terms of aggregate demand, the drivers around this inflexion are shifting, with consumption-led growth of the recent past handing over the baton to investment, which had restrained growth since Q3:2016-17. At the same time, the strong impetus from fiscal spending during Q3:2016-17 to Q1:2017-18 appears to be waning and the rapid pace of import growth is sapping net external demand. On the supply side, the pickup in industrial output from Q2:2017-18 and the strengthening of construction activity in the services sector from Q1 are noteworthy. Meanwhile, agriculture and allied activities have turned out to be resilient to temporary weather disruptions in both kharif and rabi sowing seasons and going by recent estimates of foodgrains production, the outlook appears better than before.

Consumer price inflation rose sharply in Q3:2017-18, driven up by a spike in food prices and by the disbursement of enhanced House Rent Allowance (HRA) for central government employees, the latter alone contributing an estimated 35 basis points. It moderated somewhat in Q4 on a delayed seasonal easing of prices of vegetables. Industrial input costs increased through H2:2017-18, tracking movements in international commodity prices. Wage pressures have remained moderate in both the organised and rural sectors. The increase in HRA for central government employees, which became effective from July 2017 and continued to accumulate till December 2017, shaped the path of headline inflation during Q3, with unseasonal hardening of prices of vegetables, accentuating a spike to 4.9 per cent in November. While prices of vegetables did undergo a shallower than usual moderation in December, an unfavourable base effect came into play, pulling up inflation to a peak of 5.2 per cent in December. In Q4, headline inflation moderated with a fall in momentum due to a delayed but steep reversal in prices of vegetables.

A stark feature of India's recent growth experience has been the protracted downturn in investment, however, a turnaround set in during Q2:2017-18. Gross Fixed Capital Formation (GFCF) strengthened further to touch a six-quarter high in Q3. The share of GFCF in GDP, which was trapped in a downturn from a high of 34.3 per cent in 2011-12 to 30.3 per cent in 2015-16, broke free and increased to 31.4 per cent in 2017-18. As alluded to earlier, this pick-up in the investment rate could be signalling a turning point in the cyclical component of growth oscillations in India and if sustained by a determined policy push, it could produce a level shift in the trajectory of the Indian economy. Capital goods production – a key element of investment demand – turned around in August 2017 and clocked a 19-month high in terms of growth rates in January 2018. During 2017-18 so far (up to December), the construction of highway projects is on the rise and is expected to have improved further in Q4.

Going forward, a key risk to the inflation outlook is the risk of fiscal slippages in a scenario of rising aggregate demand. As noted in the MPC resolution of February 2018, apart from the direct impact on inflation, the fiscal risks could also engender a broader weakening of macro-financial conditions. The revised guidelines for arriving at the MSPs for kharif crops proposed in the Union Budget 2018-19, along with proposed increase in customs duty on a number of items, is likely to push-up inflation over the year. In addition, how various state governments implement and disburse HRA increases would have a considerable bearing on CPI housing inflation and consequently on the headline inflation trajectory, albeit statistically, during 2018-19; therefore, the latter should be looked through for monetary policy purposes, other than for their second-round effects. Although the

central government's HRA effects on CPI inflation would gradually wane from July 2018, this moderating impact could be more than offset if several state governments simultaneously implement HRA increases in H2:2018-19. (Source: RBI)

Finance

During the current year, the Reserve Bank of India (RBI) held six Bi-monthly Monetary Policy Committee meetings. The Policy Repo rates under the Liquidity Adjustment Facility (LAF) was at 6.25% at the beginning of the year. During the year, the RBI reduced the Policy Repo rates by 0.25% once in its third Bi-monthly Monetary Policy Committee meeting to 6.00% and since then maintained at such levels.

Yields in the government securities (G-Sec) has shown continuous increase through the year since the reduction of policy rates. Yields on the 10 year benchmark paper has increased by around 150 bps from the lows. A sharp reduction in G–Sec yields were seen in the month of March when the government announced its intent to reduce its borrowing in the first half. However the reduced rates were short lived and within a month the yields were higher than pre-announcement. An important element of the yield rising has been the continuous rise in the crude prices (nearing $80/barrel). The depreciation of rupee is not helping either which shall lead to inflationary pressure which together is resulting in rising yields.

- **Private Placement Issues of Non-Convertible Debentures**

  During the year under review, your Company issued secured redeemable non-convertible debentures ("NCDs") aggregating to Rs. 4,497.80 Crores on a private placement basis, in various 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 or 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 raised Rs. 1,150.5 Crores through its second public issuance of 1,15,05,313 Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000 each. With this issuance, approximately 5% of your Company's borrowing is funded through this instrument. The NCDs were allotted on 24th July, 2017 and listed on BSE Limited on 26th July, 2017.

  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 received approval from the Reserve Bank of India for issuance of Masala Bonds. Your Company has also updated its Offering Circular of Rupee Denominated Medium Term Note (MTN) programme, listed on the Singapore Exchange Securities Trading Limited, and subject to market conditions, plans to issue bonds under the MTN programme during the current year.

INVESTOR RELATIONS

Your Company continuously endeavors to improve its engagement with Domestic and International investors/analysts through multiple mechanisms, including structured conference-calls, individual meetings, Telepresence meetings, participating in investor conferences and undertaking quarterly and annual earnings calls. Your Company attended multiple investor meets organised by reputed Global and Domestic Broking Houses during the year, both in India and abroad, to communicate details of its performance, important regulatory and market developments and exchange of information. These 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 uploads the transcript of the quarterly earnings call on its website which can be accessed by existing and potential investors and lenders.

Your Company believes in transparent communication and building a relationship of mutual understanding and trust. Your Company further 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

Consequent upon the allotment of Equity Shares issued on a Preferential Allotment basis to the Promoter and through a Qualified Institutions Placement to Qualified Institutional Buyers, the paid-up share capital of the Company has increased to Rs.123.6 Crores as on 31st March, 2018 from Rs.113.8 Crores as on 31st March, 2017. The securities premium account has also increased to Rs. 4,113.2 Crores from Rs.2,025.6 Crores.

As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 21.9 % as on 31st March, 2018, well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India. Out of the above, Tier I capital adequacy ratio stood at 16.0% and Tier II capital adequacy ratio stood at 5.9%, respectively.

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.

DISCLOSURE PERTAINING TO GOLD LOAN AUCTION(S)

During the fiscal 2016-17, your Company conducted the auction of its Gold Stock and sold the entire stock. With this auction the Company has closed its entire gold loan business.

CREDIT RATING

The credit rating details of the Company as on 31st March, 2018 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme	'IND 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.
	Long-term Debt Instruments and Subordinated Debt Programme	'IND AAA/Stable'	
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt Instruments and Subordinated Debt Programme	'CARE AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	'BWR AAA/Stable'	
CRISIL Limited	Fixed Deposit Programme	'CRISIL FAAA/Stable'	
	Long-term Debt Instruments, Subordinated Debt Programme 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 2017-18. 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:

Corporate Governance

- "India's Most Trusted Companies Awards 2017" as per the Research Report 2017 by Media Research Group, MRG.
- Listed amongst the top 10 companies with a high Corporate Governance score in a study jointly conducted by International Finance Corporation (IFC), BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS).

Business & Marketing:

- Ranked 108th in the "Dun & Bradstreet India's Top 500 Companies 2017" based on Net Profit.
- Adjudged as one of the "Best BFSI Brands 2018" by the Economic Times.
- Award for the 'Most Effective use of Direct Marketing to Rural Consumers' at the Rural Marketing Forum & Awards 2018 for MF SUTRADHAAR initiative.
- Ranked 13th based on Total Income in "Dun & Bradstreet India's Leading BFSI Companies 2018" among NBFCs, Financial Institutions and Financial Services Companies.
- Won the PRCI (Public Relations Council of India) Collateral Awards 2018 in the following categories:

a. Crystal Award for Corporate Advertising Campaign (SME Ad campaign)

b. Crystal Award for Radio/Jingle (SME Radio Campaign)

c. Gold Award for Rural or Development – Communication (MF SUTRADHAAR Program)

d. Gold Award for Financial Communication (Suvidha Loans Communication Campaign)

e. Silver Award for Radio Communication (SME Radio Campaign)

f. Appreciation Award for Diary 2018

g. Appreciation Award for In-house Digital Newsletter (In-box Select)

h. Appreciation Award for Annual Report

Human Resources

- Listed in Aon Best Employer List 2017, as Aon Best Employer.
- Certified Top 50 India's Best Companies to Work for – 2017 by Great Place to work.
- Adjudged Runner-up in the BusinessWorld HR Excellence Award 2017 by BusinessWorld.
- "Best Learning & Development Strategy Award" at World HRD Congress 2017.
- Listed in the Avtar and Working Mothers Best Companies to work for.
- Appeared in Top 100 Record Holders for Excellence in Learning Sessions.
- Attained Level 5 certification for People Capability Maturity Model (PCMM) Level 5.

CSR & Sustainability

- Honoured with IDF CSR Award by Indian Development Foundation (IDF) for excellent participation in Resource Mobilization for Humanitarian Projects.
- Bestowed with the Equal Opportunity Employer Award by Sarthak Educational Trust for ensuring equal employment opportunities and sustainable employment prospects to person with disability.
- Listed in Dow Jones Sustainability Index (DJSI) Emerging Markets category for the 5th consecutive year.
- Included in the "Sustainability Yearbook 2018" released by RobecoSAM, being the only Indian Financial Company in Diversified Financial Services and Capital Markets sector to be selected.

Information & Technology

- "Pride of India Award" for Best Enterprise Learning Platform

FIXED DEPOSITS AND LOANS/ ADVANCES

Your Company offers a bouquet of Fixed Deposit schemes to suit the investment needs of various classes of investors. These Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural and semi-urban savings and reach out to the farthest customers, 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, 2018, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 3,137.37 Crores, with an investor base of over 1,30,413 investors.

Your Company continues to serve the investors by introducing 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 employees.

During the year under review, your Company has rolled out several initiatives aimed at offering a superior customer experience. Some key ones are:

- Increased the number of offices from 198 in the previous fiscal to 304 offices in the current fiscal for collection of Fixed Deposits.
- Customer self-profile update on the Fixed Deposit-Customer Portal available on the Company's website.
- Default auto renewal of Fixed Deposits option to facilitate timely renewal of deposits in case the physical request for renewal of Deposits is not received four weeks prior to the maturity date.
- Introduced online Swift Loan(s) against Deposits.
- Convenience of investment made available through mobile phones.

As at 31st March, 2018, 4,662 deposits amounting to Rs. 8.61 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 3,761 deposits amounting to Rs. 6.10 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, 2018, 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: 4,662.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 8,60,67,196.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. 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. Where the Deposit remains unclaimed, follow-up action is also initiated through the concerned agent or branch.

Pursuant to section 125(2) (i) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") as amended from time to time, matured Deposits remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) Authority established by the Central Government. The concerned depositor can claim the Deposit from the IEPF Authority by following the procedure laid down in the IEPF Rules.

During the year, an amount of Rs.0.02 Crores has been transferred to the IEPF Authority.

During the year under review, the Company has not given any loans and advances in the nature of loans to its subsidiaries or associate or loans and advances in the nature of loans to firms/companies in which Directors are interested.

Accordingly, the disclosure of particulars of loans/ advances, etc., as required to be furnished 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 is not applicable to the Company.

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 has always been a key success factor for the ambit of the Company's businesses. Through its unique business model the Company is making a difference in the lives of many by addressing the essential requirements of people in rural and semi-urban parts of India. Your Company's businesses focus on key necessities of people and enable them to meet their aspirations through a wide-range of financial products and services offered by it. By providing the right set of opportunities in the remote areas and handholding its customers to advance in their lives, your Company continues to make positive contribution to multiple stakeholders. Your Company lays strong emphasis on customer centricity with its customer base spread across more than 3.5 Lakh villages in India with majority of them belonging to the earn and pay segment.

Your Company commenced its journey towards reporting sustainability performance since 2008-09 through Mahindra Group's Sustainability Report and in the year 2012-13 your Company released its first standalone Sustainability Report. In the reporting year, the Company released its fifth Sustainability Report for the Financial Year 2016-17 with the theme 'Towards Value Creation' based on the Global Reporting Initiative's (GRI) G4 Guidelines which highlights its progress and efforts on creating long term benefits and opportunities on social, environmental and economic dimensions for all its stakeholders. This Report is hosted on your Company's website at the web-link: **www.mahindrafinance.com/sustainability.aspx.**

Your Company continued to focus on sustainability awareness for different stakeholders by building on the initiatives of the previous years as also initiating new ones. In the year under review, your Company formulated its Sustainability Policy and developed a new Sustainability Roadmap aligned to the Mahindra Group's Sustainability Framework to ensure mutual initiatives for sustainability across the Group. Interventions on energy efficiency, technology deployment and waste management have been taken throughout the reporting year at different locations. The Company continued its focus on encouraging employees and field staff in adopting Road Safety measures.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the fifth consecutive year. Your Company is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in DJSI, companies are assessed and selected based on their long term Environmental, Social and Governance (ESG) management plans. Your Company got selected in 'The Sustainability Yearbook' 2018 being the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies your Company being amongst the top Sustainability performers in Diversified Financial Services Sector across 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 covering world's largest companies and how they are geared up to mitigate challenges pertaining to climate change and global warming in future. During the reporting year, your Company retained CDP Performance Band - B which affirms that the Company is taking coordinated action on climate change issues. Your Company made proactive efforts to reduce CO2 emissions (carbon footprint) through Project 'Mahindra Hariyali', by planting over 1.2 Lakh saplings throughout the country.

Your Company is gearing up to be future ready by making sustainability and climate change an integral part of the risk framework and taking measures to mitigate and manage them. Weather reports are assessed on a regular basis and aligned with business operations to protect the customers and minimise the risk impact. Your Company is well equipped to enable its customers and communities progress through its inclusive and sustainable business model.

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) of your Company for the year 2017-18 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 is building an inclusive organization by engaging with stakeholders and creating value in the ecosystem it operates in. Your Company's businesses focus on the key necessities of people and enable them to earn their livelihood through its varied portfolio of financial products and services. Through its wide network of branches with locally-recruited employees, strong and lasting relationships with its stakeholders, large customer base, vast experience and market knowledge, your Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the villages.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

With an objective to empower rural India and transform the rural landscape, your Company during the year, continued to undertake several initiatives in the key thrust areas of Healthcare, Education (including Livelihood) and Environment. It is only through these sustained and consistent efforts that your Company can build and consolidate its CSR initiatives which contribute to nation building.

In the year under review, your Company organised a nationwide blood donation drive, conducted health check-up camps, Swachh Bharat activities, visits to Municipal schools, orphanages, differently-abled homes and old-age homes to re-affirm its pledge to the society.

Your Company also contributed to the environment through planting of over one Lakh trees thus helping restore the diminishing green cover in the country. In the area of public health, your Company sponsored Lifeline Express, a hospital on wheels program, through which medical care and treatment was provided to communities who do not have access to any medical facilities. The Lifeline Express executed in association with Impact India Foundation, catered to the medical needs of 8,010 underprivileged people in Balharshah, in the State of Maharashtra.

In an effort to unleash the potential of the rural population, during the year your Company implemented some of the notable ongoing projects such as providing scholarships to 2,500 undergraduate and 500 graduate students, conducting vocational training for 513 rural youths and Drivers' training for 220 women, setting-up a vocational skill building center with an aim to train 250 People with Disability and a donation of 14 ambulances that have made access to primary healthcare centers easy for 12,000 tribal and rural patients across the nation. Your Company has expanded the Medical Equipment Donation project to contribute equipment to 30 family planning centers and supported the maintenance of two more Thalassemia Day Care Centers apart from the four existing ones in Maharashtra and one in Jharkhand. Additionally, in the area of healthcare, your Company contributed for the launch of a Maternal & Child Health Care project which provides nutritional supplementation to anemic pregnant and lactating women, adolescents and malnourished children in the areas of Singbhum (Jharkhand), Bhubaneswar (Odisha), Palghar and Thane (Maharashtra).

In the year under review, your Company continued to provide assistance to over 9,400 Nanhi Kalis which supports the education of underprivileged girls. Your Company also continued its commitment to projects such as Mahindra Pride Schools, which helped in providing livelihood training to 2,612 youths from socially and economically disadvantaged communities.

During the year under review, your Company has spent Rs. 27.16 Crores 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. 27.07 Crores. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

The CSR Committee presently comprises of Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah. The Committee, inter alia, monitors the CSR activities.

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, 2018 forms part of this Report and is appended as **Annexure IV**.

BOARD MEETINGS, ANNUAL GENERAL MEETING AND EXTRAORDINARY 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 seven times during the year under review, on 25th April, 2017, 24th July,

2017, 6th October, 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 16th March, 2018. 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 27th Annual General Meeting (AGM) of the Company was held on 24th July, 2017.

During the year under review, an Extraordinary General Meeting (EGM) of the Members was held on 29th November, 2017 to approve the issuance of Equity Shares on Qualified Institutions Placement to Qualified Institutional Buyers, approve Related Party transaction for Preferential Issue of Shares to Mahindra & Mahindra Limited (M&M), the holding company and accord consent for issue of Equity Shares to M&M on a Preferential Allotment basis.

Detailed information on the Meetings of the Board, its Committees, the AGM and EGM 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 23rd January, 2018 and 15th March, 2018. 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
vii) IT Strategy Committee

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

Dr. Anish Shah, Non-Executive Non-Independent Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment. The detailed profile of Dr. Anish Shah has been included in the Notice convening the ensuing AGM.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under paragraph 69(1)(iv) of Chapter XI of RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016 and that they are not disqualified from being appointed as Directors in terms of section 164(2) of the Companies Act, 2013.

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. Pardiwalla, 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, 2018, 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, 2018 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, 2018 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, 2018.

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, 2018.

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 that of its Committees as well as performance of the Directors individually (including Independent Directors).

Feedback was 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, 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 2017-18, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company and can be accessed at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programme for-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 Policies for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No.101248W/W-100022), were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years, commencing from the conclusion of the 27th Annual General Meeting ("AGM") held on 24th July, 2017 till the conclusion of the 32nd AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, as may be applicable.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B S R & Co. LLP, Chartered Accountants to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid 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 2017-18 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 under review, your Company had entered into a Material Related Party Transaction, i.e. transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, with Mahindra & Mahindra Limited, the Holding Company. This transaction too was in the Ordinary Course of Business of your Company and was at Arm's Length Basis, details of which, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure VII** and forms part of this Annual Report.

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 same can be accessed on 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 have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of your Company.

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 included in the Consolidated Financial Statements and their contribution to the overall performance of the Company is provided in Form AOC-1 as **Annexure A** to the Consolidated Financial Statements and forms part of this Annual Report.

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), the subsidiary in the business of Direct and Re-insurance Broking, serviced approximately 2.59 million insurance cases, with a total of 20,58,613 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 5,82,949 lives covered with a Sum Assured of Rs. 18,027.6 Crores in the Financial Year 2016-17 to 6,85,264 lives covered with a Sum Assured of Rs. 21,359.2 Crores in the Financial Year 2017-18. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 31% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,567.9 Crores in the Financial Year 2016-17 to Rs. 2,049.1 Crores in the Financial Year 2017-18. The Total Income increased by 41% from Rs. 174.2 Crores in the Financial Year 2016-17 to Rs. 245.1 Crores in the Financial Year 2017-18. The Profit Before Tax (PBT) recorded a marginal degrowth of 0.6% at Rs.81.2 Crores as compared to Rs.81.7 Crores in the same period of the previous year. The Profit After Tax (PAT) recorded a degrowth of 1.5% at Rs.52.2 Crores as against Rs.53.0 Crores in the same period of the previous year.

MIBL has been able to reach the benefit of insurance to over 2,00,000 villages across India.

Sale of 1,28,866 Equity Shares representing 5% of the total share capital of MIBL

During the year, your Company sold 1,28,866 Equity Shares aggregating 5% of the share capital of MIBL in favour of Inclusion Resources Private Limited for an overall consideration of Rs. 65 Crores, resulting in a profit of Rs. 65 Crores on sale of this investment. Post the sale, the shareholding of your Company stands reduced from 85% to 80% of MIBL's share capital.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL), the Company's subsidiary in the business of providing loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country, registered a total income of Rs. 1,000.0 Crores as compared to Rs. 703.4 Crores for the previous year, registering a growth of 42%. Profit before tax was 77% higher at Rs.224.6 Crores as compared to Rs. 126.9 Crores for the previous year. Profit after tax was 75% higher at Rs.145.5 Crores as compared to Rs. 83.0 Crores for the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 2,789.2 Crores (previous year Rs.2,116.2 Crores) achieving a growth of 32 percent over the previous year.

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.1.9 lakhs. During the year under consideration, MRHFL disbursed home loans to around 2,18,000 households (in addition to around 5,60,000 existing households as on 31st March, 2017). MRHFL has been expanding its geographical presence to provide affordable services for rural households.

During the year under review, operations of MRHFL were strengthened in the States of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh, Uttarakhand and Bihar.

Mahindra Asset Management Company Private Limited

Mahindra Asset Management Company Private Limited (MAMCPL), a wholly-owned subsidiary of the Company acts as an Investment Manager for the schemes of Mahindra Mutual Fund. As on 31st March, 2018, MAMCPL was acting as the Investment Manager for six schemes.

The Assets under Management in these six schemes were Rs. 3,352 Crores in March 2018 as compared to Rs. 2,050 Crores in March 2017. Of these assets, Rs. 1,173 Crores were in retail schemes in March 2018 as compared to Rs. 319 Crores in March 2017. MAMCPL has empanelled more than 7,500 distributors and opened 1,26,737 investor accounts in these schemes recording a rise of more than 235%.

During the year under review, the total income of MAMCPL was Rs. 23.4 Crores as compared to Rs. 8.8 Crores for the previous year, registering a growth of 165%. The operations for the year have resulted in a loss of Rs. 38.1 Crores as against a loss of Rs. 20.5 Crores during the previous year.

Mahindra Trustee Company Private Limited

Mahindra Trustee Company Private Limited (MTCPL), your Company's wholly-owned subsidiary, acts as the Trustee to Mahindra Mutual Fund.

During the year, MTCPL earned trusteeship fees of Rs.23.87 lakhs and other income of Rs.0.73 lakhs as compared to Rs.3.11 lakhs and Rs.0.06 lakhs respectively, for the previous year. The total expenses for the year were Rs.24.25 lakhs as against Rs. 23.52 lakhs in the previous year. MTCPL recorded a profit of Rs.0.35 lakhs for the year under review as against a loss of Rs. 20.4 lakhs in the previous year.

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 8.34% to USD 828.38 Million for the year ended 31st March, 2018 as compared to USD 764.61 Million for the previous year.

Income grew by 27.98% to USD 54.61 Million for the year ended 31st March, 2018 as compared to USD 42.67 Million for the previous year. Profit before tax was 27.34% higher at USD 16.44 Million as compared to USD 12.91 Million for the previous year. Profit after tax grew at a healthy rate of 19.02% to

USD 9.70 Million as compared to USD 8.15 Million 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.

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

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. Your Company uses Oracle based Systems as a business enabler and also to maintain its Books of Account. The transactional controls built into these systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records. The systems, Standard Operating Procedures and controls are reviewed by Management. These systems and controls are audited by Internal Audit and their findings and recommendations are reviewed by the Audit Committee which ensures the implementation. 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 reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 AND SECRETARIAL STANDARD - 2

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under 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:

Sl. 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 2017-18.	Mr. Dhananjay Mungale	Chairman (Independent Director)	11.06X
		Mr. M. G. Bhide	Independent Director	9.14X
		Mr. Piyush Mankad	Independent Director	8.78X
		Mr. C. B. Bhave	Independent Director	8.45X
		Ms. Rama Bijapurkar	Independent Director	7.85X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	196.96X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	84.99X
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	19.76X

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

Sl. 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 2017-18.	Mr. Dhananjay Mungale	Chairman (Independent Director)	1.82
		Mr. M. G. Bhide	Independent Director	4.53
		Mr. Piyush Mankad	Independent Director	6.83
		Mr. C. B. Bhave	Independent Director	2.81
		Ms. Rama Bijapurkar	Independent Director	1.71
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	-11.53
		Mr. V. Ravi	Executive Director & Chief Financial Officer	-13.94
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	-11.16

* 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 2017-18.	5.22% considering employees who were in employment for the whole of the Financial Year 2016-17 and Financial Year 2017-18.
4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2018.	18,733

5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2017-18 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 2016-17 and Financial Year 2017-18, the average increase is 5.62%. Average decrease for Managerial Personnel is 12.20% **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/ Chairpersonship 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 2016-17 and Financial Year 2017-18.

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. 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).

During the year under review, Mr. Ramesh Iyer and Mr. V. Ravi have received a commission of Rs. 76,56,314 and Rs. 19,15,000, respectively, from Mahindra Insurance Brokers Limited, a subsidiary of the Company. Further in the year under review, 1,14,273 stock options have been granted to Mr. Ramesh Iyer and 28,568 stock options have been granted to Mr. V. Ravi under the Employees' Stock Option Scheme of Mahindra Rural Housing Finance Limited, the Company's subsidiary company.

The Company had 14 employees who were in receipt of remuneration of not less than Rs.1,02,00,000 during the year ended 31st March, 2018 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) and 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 Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2017-18, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

(a) Number of complaint(s) of Sexual Harassment received during the year – 1

(b) Number of complaint(s) disposed off during the year – 1

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

(d) Number of workshops/awareness programme against sexual harassment carried out – 1 workshop was conducted at the Company's Corporate Office. Awareness on sexual harassment was carried out to sensitize employees of the Company at branches pan-India.

(e) Nature of action taken by the employer or District Officer – Warning letter was issued to the alleged employee.

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) Replacement of conventional lighting with Light Emitting Diode (LED) lighting :

The Company has installed LED lighting in Regional Offices of the Company during the year under review and the same has been monitored in terms of electrical consumption and expenses.

b) Replacement of old air-conditioning with updated version of machines with R-410A gas, which helps in reducing Ozone depletion.

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: Nil.

(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, 2018

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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 cash flow 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, 2018

Business Responsibility Report for the year 2017-18

(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, 2017 to 31st March, 2018	
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 and also operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States.	1,284 offices as on 31st March, 2018.
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)	:	12,289.54 Lakhs
2.	Total Turnover (INR)	:	7,20,612.23 Lakhs
3.	Total profit after taxes (INR)	:	89,188.43 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	INR 2,715.79 Lakhs 2.00 % of average Net Profit for last three Financial Years
5.	List of activities in which expenditure in 4 above has been incurred	:	◊ **Ambulance Donation:** Promoting access to healthcare for marginalised populations by providing ambulances. ◊ **Jeevandan:** Organizing Blood Donation Camps with the help of employees across India. ◊ **Sehat:** Promoting access to healthcare for marginalised populations by: 1. Improving health conditions and medical facilities by providing medical equipment. 2. Establishment and maintenance of Day Care Centers for Thalassemia. 3. Providing nutritional supplementation to anemic women, adolescents and malnourished children. 4. Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas. 5. Conducting various medical camps for general health and providing medical aid. 6. Promoting awareness about hygiene and sanitation in the communities. 7. Disaster relief work.

	◊ **Swachh Bharat:** Supporting Prime Minister's clean India campaign by spreading awareness about Swachh Bharat Abhiyan.
	◊ **Gyandeep:** Assisting education of under privileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure and facilities to educational and other institutions, etc.
	◊ **Hunnar:** Imparting vocational skills such as:
	1. Driving skills training for women to employ them as drivers for the sustainable livelihood.
	2. Vocational Training for unemployed rural youth in financial skills to make them employable.
	3. Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES.
	◊ **Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas.
	◊ **Mahindra Pride School:** Providing 3 months intensive training in ITES, Retail and Hospitality to socially & economically disadvantaged youth thus enabling them to get lucrative jobs.
	◊ **Nanhi Kali:** Supporting education of marginalised girls.
	◊ **Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled and providing educational aid to orphans and differently abled.
	◊ **Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation & restoration projects.
	◊ **Culture:** Preservation and promotion of fine arts & culture.
	◊ CSR Administrative Expenses.

SECTION C: OTHER DETAILS

1.	**Does the Company have any Subsidiary Company/ Companies?**	Yes, the Company has four Subsidiary Companies as on 31st March, 2018.
		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, three Subsidiary Companies viz. Mahindra Insurance Brokers Limited (MIBL), Mahindra Rural Housing Finance Limited (MRHFL) and Mahindra Asset Management Company Private Limited (MAMCPL) participate in the Company's BR initiatives and are also included in the scope of the Mahindra Group - Financial Services Sector's (FSS) next Sustainability Report. The FSS Sustainability Reports of last 5 years are available on the Company's website at: http://www.mahindrafinance.com/sustainability.aspx. Also the different sustainability related policies and interventions are deployed and driven across in Financial Services Sector covering all the subsidiary companies during the F.Y. 2017-18.
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 Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets. As part of these engagement activities with dealers we highlight our business practices and process which are in line with the governing framework and we also align with dealers on our core business focus i.e. enabling people to earn livelihood and creating positive social impact.
		On Supplier's front the Company has service providers and vendors that provide services and products required for business operations. The Company has various sustainability focused programs that expand the reach of environmental and social responsibility to our suppliers. The Company also encourages and appreciates its suppliers which adopt sustainability focused practices and share them.
		Since the business reach is widespread across the country, the number of dealers and suppliers the Company engages and works with, is considerably high. Currently the coverage of the dealers and suppliers covered under the sustainability program is less than 30%. In the new Sustainability Roadmap of the Company, increasing the coverage of dealers and suppliers is taken up as one of the focus areas.

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

Director Identification Number (DIN)	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 (if applicable)	N.A.
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 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 marginalised.

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	N.A.	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[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]
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	N.A.	Y	Y	Y	Y	N.A.	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]

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

Notes:

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

Y[1] – The Company's Business Responsibility Policy, The Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Fair Practices Code, Internal Guidelines on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy, Whistle Blower Policy are available on the Company's website at the following links:

- http://www.mahindrafinance.com/pdf/MMFSL_BusinessResponsibilityPolicy_Signed.pdf
- http://www.mahindrafinance.com/pdf/COC_Directors.pdf
- http://www.mahindrafinance.com/pdf/Code_for_Independent_Directors.pdf
- http://www.mahindrafinance.com/pdf/CorpGov_Mgmt_Emp.pdf
- http://www.mahindrafinance.com/fair-practice-code.aspx
- http://www.mahindrafinance.com/pdf/Internal_Guidelines_on_CG_MMFSL.PDF
- http://www.mahindrafinance.com/pdf/CSR-Policy.pdf
- http://www.mahindrafinance.com/pdf/sustainability_policy_financial_service_sector.pdf
- http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf

Other Policies with respect to the principles of NVGs like Human Rights Policy, Policy for Disposal of IT Assets, Loan Credit Policy, Quality Policy, Policy on Insider Trading, etc., are uploaded on the Company's intranet portal for the information and implementation by internal stakeholders.

Y^2 – Communication of Business Responsibility Policy and other Policies with respect to principles of NVGs has been shared and circulated to relevant stakeholders.

Y^3 – While the Company has not carried out independent audit of the policies; there is a limited assurance by an independent third party (assurance provider) for the Company's Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

(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 the Sustainability Report based on Global Reporting Initiative's (GRI – G4) Guidelines. In the reporting year, the Company released its 5th Sustainability Report for F.Y. 2016-17 with the theme 'Towards Value Creation' based on the GRI – G4 Guidelines which highlights its endeavours towards creating a better future. The Sustainability Report for F.Y. 2016-17 can be accessed at the web-link – **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.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. Yes, the Code extends to all dealings with suppliers, customers and other business partners. The Board has established two detailed sets of code 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.

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, 26 complaints were received from the Shareholders, all of which were attended to/resolved till date.

The Company also received 35 complaints from its Debenture holders and 9 complaints from Fixed Deposit holders and all the complaints stand resolved at the end of the financial year. Your Company is firmly focused in offering the best services to all its stakeholders and constantly endeavours to identify and address any area of concern and redress any grievance/complaint that may arise, on priority.

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 is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's business focusses on the key necessities of people and enable them to earn their livelihood through financial products offered by it. The Company also helps people build their homes through MRHFL's home loan services, secure their life and assets by insurance solutions of MIBL and provide investment options by MAMCPL. Sustainability has always been a key success factor for the ambit of company's businesses. Through its wide network of branches with locally trained employees, large customer base, vast experience and market knowledge, the Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the villages.

   The Company's product portfolio covers:

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

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

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

   The Company has presence in over 3.5 lakhs 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. The Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of the Company's 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 its energy consumption, GHG emissions and waste generation as a part of its sustainability roadmap.

   The steps taken on conservation of energy covers use of LED lights in new branches and also retrofication to LED lights in Regional Offices. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners during the year.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company's major suppliers are small scale vendors and service providers. The Company's nature of business does not 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 Nos. 9 & 18 in the Company's last Sustainability Report available at the web-link: http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.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 mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste (like paper & plastics). 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 Company has introduced a number of initiatives on recycling of stationery waste at its main locations pan–India. More number of locations are practicing recycling of such waste with agencies which can convert them in reusable forms. During the year more than 26 Tons of these materials have been responsibly managed at the Company's Corporate Office in Mumbai.

The Company is collaborating with Record Management Agencies to take up initiatives on waste reduction and approximately 27 Tons of paper was saved in the last financial year by using recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of papers that is generated by old record destruction.

Principle 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	18,733

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

	No. of employees
Temporary/Contractual / Casual employees	3,158

3. Please indicate the number of permanent women employees

728

4. Please indicate the number of permanent employees with disabilities

54

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

The Company does not have recognized Employee Associations / Labour unions.

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

This aspect is not applicable as employees in 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.

Sl. 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	1	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 6.34 man-days per person in F.Y. 2017-18.

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

Permanent Employees	85%
Permanent Women Employees	64%
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**

   Yes, the Company has mapped its internal and external stakeholders.

   Details of the Company's stakeholder engagement process can be referred on Pg. Nos. 10-11 of its last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

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

   Yes, the Company has identified such stakeholders. The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan considering expectation of different stakeholders including those which need support on multiple fronts. 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 marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of population, who are aspiring for a better living in the rural and semi-urban parts of India. The Company's business focusses on the key necessities of people and enable them to realise their aspirations through financial products offered by it.

   The Company has undertaken a number of CSR initiatives for meeting the expectations of different stakeholders. Various projects are initiated under themes of healthcare, education, livelihood for youth, women and people with disabilities to engage the beneficiaries and stakeholders.

   The details of the programs can be found under the CSR section of the Company's Sustainability Report and Annual Report.

   Annual Report of the Company can be accessed at 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. 28 to 33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.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 Human Rights Policy Statement of the Company applies to all employees and is expected to be reciprocated by other stakeholders including partners, suppliers, vendors and contractors, as Company's commitment to Human Rights.

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 is disclosed in Point No. 7 of Principle 3 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 Company has coverage and applicability to

its business partners involved in the process. In addition to this, the Company has also devised its Sustainability Policy and Guidelines in F.Y. 2017-18 which also cover its subsidiary companies and different stakeholders engaged in business process as applicable.

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 been reporting environmental performance in terms of absolute and specific GHG emissions. The specific emissions are calculated by dividing the absolute emissions by the number of employees (Full Time Employees – FTE).

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 5th consecutive year. Your Company 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 and Governance (ESG) management plans and actions. Also, the Company was included in "The Sustainability Yearbook 2018" and is the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies the Company being amongst top Sustainability performers in Diversified Financial Services Sector across the World based on Corporate Sustainability Assessment done by RobecoSAM.

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

The Company under Mahindra Hariyali project planted over 1,22,000 saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.

Also, the Company has undertaken various environmental initiatives that reduce emission of GHG gases in the atmosphere that contribute to the phenomena of global warming and climate change. Details of all the initiatives are available in the 'Towards Climate Resilience and Water Security' section of the Company's Sustainability Report as well as enlisted below. Kindly refer Page Nos. 34-36 of the Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

An indicative list of various projects implemented in this regard is appended below:

On Energy Conservation:

1) Use of LED Lights in place of CFL at offices.
2) Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers.
3) Quality improvement initiatives with actions focused on energy conservation.

On Water Saving:

1) Watershed management project in communities on pilot scale.
2) Rainwater harvesting in communities on pilot scale.
3) Water Wheels Drive distribution to beneficiaries.
4) Aerators in taps of offices.
5) Re-using water in offices.

On Waste Reduction:

1) Use of technology and digitisation of processes to make them paperless.
2) Re-using and recycling of wastes.

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

Yes, the Company has a mechanism to identify and assess potential environmental risks pertinent to its business operations.

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

As the nature of the Company's business is service oriented; feasibility of undertaking a CDM project is very limited. The Company has not undertaken any project related to CDM.

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.

Please refer point 2 above.

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 does not fall under the purview of CPCB/SPCB. However, the Company monitors various aspects like energy consumption, water consumption, paper consumption, wastes generated and GHG emissions (details available in Sustainability Report at: http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf). Your Company under various initiatives is constantly in pursuit to reduce its carbon footprint and waste generated.

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), Federation of Indian Chambers of Commerce and Industry (FICCI) and Society of Indian Automobile Manufacturers (SIAM).

   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 forum of various chambers, associations and educational institutes.

   Further details regarding the same can be referred to in section 'Public Policy Advocacy' on Page Nos. 14-15 of your Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.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 initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates. Your Company endeavours to empower the rural communities and help them to unleash their potential. The Company's CSR initiatives focus on three thrust areas of education (including livelihood), healthcare and environment. The Company aims to create transformation in rural India, which is self-sustaining and encourages growth-oriented communities.

   The Company has embarked upon 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, 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.

   Kindly refer the Annual Report on CSR activities in the Company's **Annual Report available at 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. 28-33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

These details can also be accessed 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 vertical. The implementation of different projects is done by self-implementation & NGO partners. Details on these aspects can be found in the CSR section of the Company's Annual Report and Sustainability Report.

Please refer Annual Report on CSR activities available at 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. 28-33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.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 doing the impact assessment for its key CSR interventions by engaging external partners. 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 2,715.79 Lakhs majorly in areas of Education (including livelihood), 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.**

Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation, rural development and community welfare.

i. **Mahindra Finance Scholarship:** Scholarships were provided to 3,000 meritorious graduate and post-graduate students from economically-disadvantaged sections.

ii. **Project Hunnar – Vocational Training:** Through Hire-Train-Deploy (HTD) Model, the Company conducted vocational training programme for 513 rural educated youth to make them employable.

iii. **Project Hunnar – Skill Development Training for People with Disabilities:** The Company established a Divyang Vikas Kendra to train 250 people with disabilities to make them employable.

iv. **Project Hunnar:** Drivers Training for Women: The Company empowered 220 underprivileged women and provided them with an opportunity to become professional and commercial drivers. This program has transformed lives of women to earn a dignified life in their family and community.

v. **Nanhi Kali:** It is an effort to provide educational support to 9,400 underprivileged girls from poor urban and remote rural areas across India.

vi. **Mahindra Pride Schools:** It is a livelihood training programme providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged sections. 2,612 youth were trained in F.Y. 2017-18.

vii. **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, gynecologic and diagnostic services. 517 Thalassemic children have benefited through day care centres established in rural and urban locations.

viii. **Ambulance Donation:** Above 12,000 patients were able to access primary healthcare services as commute from tribal villages to a nearby hospital was not a challenge anymore with Company sponsored ambulances.

ix. **FSS CSR Day:** The Company celebrated the FSS CSR Day on the occasion of Founder's Day by organizing Blood Donation drives across India. This initiative was conducted on a single day at 866 locations and 7,259 blood units were collected.

x. **Swachh Bharat:** The Company supports Prime Minister's clean India campaign and conducted 16 activities related to sanitation and hygiene in urban and rural areas.

xi. **Mahindra Hariyali:** It is an initiative to improve green cover and protect biodiversity in the country. The Company planted over 1,22,000 saplings across India.

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 organization. Out of the total complaints 14.73% are pending for resolution as at the end of the year. There were 1,599 consumer cases pending as on 31st March, 2018. Your Company has appointed a Grievance Redressal Officer at the Head Office and Nodal Officers at the North, East, West and South Zones, for redressal of customer complaints.

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. 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 local people. The Company's website is also bilingual and provides information to its audience in Hindi and English. The Company's employees educate 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 in which it operates helps the Company understand the needs and expectations of people based in rural parts of India and enables it to offer better services that meet customer requirements.

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

   No such case has been registered against the Company.

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

   The Company monitors customer satisfaction through Customer as Promoter (CaP) Survey. Customer feedback and satisfaction with the services are recorded in the form of CaP scores, and this feedback is utilised to create new action plans for the improvement of 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. Our CaP score was 67 in the last Financial year. Any Company's score above 50 is considered exceptional based on this methodology.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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 three key thrust areas namely Healthcare, Education (including Livelihood) and Environment 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. 1,35,337.61 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 2,706.75 Lakhs

5. Details of CSR spent during the Financial Year:

(a) Total amount spent for the Financial Year: Rs. 2,715.79 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 Financial Year 2017-18 :

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	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program Direct expenditure on programs or projects	Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
1	**Ambulance Donation:** Promoting access to healthcare for marginalised populations by providing ambulances	(i)	Sabarkantha, Patan (Gujarat), Pune (Maharashtra), Gwalior, Satna (Madhya Pradesh), Cooch Behar (West Bengal), Patna, Muzaffarpur (Bihar), Lucknow (Uttar Pradesh), Coimbatore (Tamil Nadu), Anantapur (Andhra Pradesh), Mysore (Karnataka), Pathanamthitta (Kerela), Yamunanagar (Haryana)	97.34	97.34	0.00	97.34	Jivan Jyot Charitable Trust, Anjali Society For Rural Health And Development, Jan Vikas Nyas, Society For Participatory Action And Reflection, St. Mary's Polyclinic, Sri Mahavir Sthan Nyas Samity, Green Dot Trust, Native Medicare Charitable Trust, Sri Sathya Sai Central Trust, Family Planning Association Of India, Indian Red Cross Society Bihar State Branch, Shree Swami Sachidanand Ji Paramhans Dharmik & Parmarthik Nyas, Sabari Sharanasramam and Late Ushatai Lokhande Charitable Trust
2	**Jeevandan:** Organizing Blood Donation Camps with the help of employees across India	(i)	Kurnool, Tirupati, Vijayawada, Vishakapatnam (Andhra Pradesh), Guwahati (Assam), Muzaffarpur, Purnea, Patna (Bihar), Raipur (Chhattisgarh), Baroda, Surat, Ahmedabad, Valsad (Gujarat), Shimla, Manali (Himachal Pradesh), Jammu (Jammu & Kashmir), Ranchi, Dhanbad (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut, Kannur (Kerala), Bhopal, Gwalior, Indore (Madhya Pradesh), Aurangabad, Mumbai, Nasik, Thane, Nagpur (Maharashtra), Chandigarh (Punjab), Jodhpur, Bikaner, Kota, Udaipur (Rajasthan), Chennai, Vellore, Coimbatore, Salem, Madurai, Trichy (Tamil Nadu), Hyderabad, Karimnagar, Warangal (Telangana), Allahabad, Faizabad, Gorakhpur, Lucknow, Kanpur, Meerut, Agra (Uttar Pradesh), Dehradun (Uttarakhand), Bhubaneswar (Odisha), Bardhaman, Kharagpur, Kolkata (West Bengal) and Delhi	4.04	4.04	0.00	4.04	NGOs, Trusts, Self-implemented

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	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
3	**Sehat:** Promoting access to healthcare for marginalized populations by 1) Improving health conditions and medical facilities by providing medical equipment 2) Establishment and maintenance of Day Care Centres for Thalassemia 3) Providing nutritional supplementation to anemic women, adolescents and malnourished children 4) Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas 5) Conducting various medical camps for general health and providing medical aid 6) Promoting awareness about hygiene and sanitation in the communities 7) Disaster relief work	(i)	Balharshah, Chandrapur, Palghar, Bhiwandi, Shahapur, Parbhani, Pune, Solapur, Mumbai, Thane (Maharashtra), Agra, Lucknow, Meerut (Uttar Pradesh), Delhi, Gomia, Singhbhum (Jharkhand), Bhubaneswar (Odisha), Salakuppam, Thiruvannamalai, Coimbatore (Tamil Nadu), Ahmedabad (Gujarat), Bikaner, Jaipur, Udaipur (Rajasthan), Kalchini, Kolkata, Kultali Sundarban, Bhadreswar (West Bengal), Gwalior, Jabalpur, Bhopal (Madhya Pradesh), Bellary, Bengaluru, Vijayapur, Raichur, Belgaum, Mysore, Dharwad, Hubli (Karnataka), Trivandram, Attapady (Kerala), Yamunanagar, Panchkula, Gurgaon (Haryana), Kurnool (Andhra Pradesh), Sitamarhi, Patna (Bihar), Balghar (Himachal Pradesh), Patiala (Punjab), Lakhimpur, Dhemaji (Assam),	439.01	439.01	0.00	439.01	Shree Hariharputra Bhajan Samaj, Genesis Foundation, Rasika Ranjani Sabha, Habitat for Humanity India Trust, Think Foundation, Population First, Family Planning Association of India, IMPACT India Foundation, Indian Cancer Society, Native Medicare Charitable Trust, Self-implemented
4	**Swachh Bharat:** Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	(i)	Kurnool (Andhra Pradesh), Patna (Bihar), Raipur (Chhattisgarh), Valsad (Gujarat), Karnal (Haryana), Jammu (Jammu & Kashmir), Ranchi (Jharkhand) Kengeri (Karnataka), Cochin (Kerala), Indore (Madhya Pradesh), Jalna, Mumbai (Maharashtra), Nagaur (Rajasthan), Thiruvannamalai (Tamil Nadu), Lucknow, Ghazipur, Gaziabad (Uttar Pradesh), Bhadreswar (West Bengal)	4.58	4.58	0.00	4.58	Self-implemented

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	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
5	**Gyandeep:** Assisting education of under privileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure & facilities to educational and other institutions, etc	(ii)	Aurangabad, Badlapur, Nasik, Jalna, Vikramgadh, Palghar, Mumbai, Vasai, Kalyan, Thane, Dhule, Shahada, Yavatmal (Maharashtra), Mandavi, Baroda (Gujarat), Bhogra (Punjab), Cochin, Kottayam, Calicut (Kerala), Lucknow, Gaziabad (Uttar Pradesh), Coimbatore (Tamil Nadu), Warangal (Telengana), Pithoragarh (Uttarakhand), Hubli (Karnataka), Motihari (Bihar), Ranchi (Jharkhand), Bhopal (Madhya Pradesh), Jarain (Meghalaya), Udaipur, Jaipur (Rajasthan), Bankura, Kharagpur (West Bengal), Delhi	74.46	74.46	0.00	74.46	Mira Road Ayyappa Seva Samithi, Namasankeerthana, United World Colleges Committee, Think Foundation, G.S.B. Seva Mandal, Arpan, K.C. Mahindra Education Trust, Sree Narayana Mandira Samiti, Shukla Education Trust, Tamil Makkal Sangam, Humanitarian Welfare and Research Foundation, Women in Need Given Support Foundation, WINGS, Torpa Mahila Vikas, Young Men's Christian Association, ZP Schools, Saraswatam, R. A. Podar College of Commerce and Economics, Deendayal Bahuuddeshiya Prasarak Mandal, Butterflies Society and Self-implemented
6.	**Hunnar:** Imparting vocational skills such as: 1) Driving skills training for women to employ them as drivers for the sustainable livelihood 2) Vocational Training for unemployed rural youths in financial skills to make them employable 3) Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES	(ii)	Indore, Bhopal (Madhya Pradesh),Kolkata (West Bengal), Ahmedabad (Gujarat), Gurgaon (Haryana), Thane (Maharashtra), Hyderabad (Telengana), Chennai (Tamil Nadu), Bengaluru (Karnataka), Bhubaneswar (Odisha), Raipur, Rajnandgaon, Balod, Mahasamund (Chattisgarh), Meerut, Mathura (Uttar Pradesh), Delhi	286.29	286.29	0.00	286.29	Sarthak Education Trust, Azad Foundation, National Association For The Blind (Employment And Training) Manesar, Mahendra Foundation Trust, Nidan, International Association for Human Values, Imdaad
7	**Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas	(ii)	Guntur, Kurnool (Andhra Pradesh), Muzaffarpur, Patna (Bihar), Raipur (Chhattisgarh), Delhi, Palanpur (Gujarat), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut, Cochin (Kerala), Bhopal, Gwalior, Indore, Jabalpur (Madhya Pradesh), Aurangabad, Nasik, Pune (Maharashtra), Khurda, Nachuni (Odisha), Abohar, Mukerian, Basuya, Ferozepur (Punjab), Bikaner, Jaipur, Jodhpur, Kota, Udaipur (Rajasthan), Chennai, Coimbatore, Krishnagiri, Pollachi, Salem, Sivakasi, Trichy, Vellore (Tamil Nadu), Hyderabad, Warangal (Telangana), Allahabad, Faizabad, Ghaziabad, Lucknow, Meerut, Varanasi (Uttar Pradesh), Dehradun, Kotdwar (Uttarakhand), Jorethang, Kolkata, Malda, Siliguri (West Bengal)	375.00	375.00	0.00	375.00	K.C. Mahindra Education 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	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
8	**Mahindra Pride School:** Providing 3 months intensive training in ITES, Retail and Hospitality to socially & economically disadvantaged youth thus enabling them to get lucrative jobs	(ii)	Pune (Maharashtra), Chennai (Tamil Nadu), Patna (Bihar)	875.00	875.00	0.00	875.00	K.C. Mahindra Education Trust
9	**Nanhi Kali:** Supporting education of marginalised girls	(ii)	Nashik, Mumbai (Maharashtra), Moga (Punjab), Kolkata (West Bengal), Ratlam (Madhya Pradesh), Varanasi, Barabanki (Uttar Pradesh)	344.98	344.98	0.00	344.98	K. C. Mahindra Education Trust, United Way Of Mumbai
10	**Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled and providing educational aids to orphans and differently abled	(iii)	Mumbai, Pune, Virar (Maharashtra), Mandi (Himachal Pradesh), Noida, Allahabad, Faizabad (Uttar Pradesh), Jalandhar (Punjab), Jaipur (Rajasthan), Patna (Bihar), Delhi, Rajkot (Gujarat), Karnal (Haryana), Ranchi (Jharkhand), Mysore (Karnataka), Malappuram (Kerala), Jabalpur (Madhya Pradesh), Berhampur (Odisha), Trichy (Tamil Nadu), Hyderabad (Telangana)	25.34	25.34	0.00	25.34	Desire Society, Lions Club of Shivaji Park Charity Fund, Indian Development Foundation, Vision In Social Arena, Sahyog Bal Shravan Viklang Kalyan Samithi, Self-implemented
11	**Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India and Environmental conservation & restoration projects	(iv)	Araku, Kurnool, Tirupati, Vijayawada, Vizag, (Andhra Pradesh) Warangal, Hyderabad, Karimnagar (Telangana), Guwahati (Assam), Patna, Muzaffarpur (Bihar), Delhi, Ahmedabad, Baroda, Surat (Gujarat), Karnal, Rohtak (Haryana), Jammu (Jammu & Kashmir), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Mangalore, Gulbarga, Bengaluru, Hubli (Karnataka), Calicut, Kannur, Kottayam, Trivandrum, Alleppey, Kollam, Cochin, Thrissur, Idukki Palakkad (Kerala), Gwalior, Bhopal, Indore, Ratlam, Raipur, Jabalpur (Madhya Pradesh), Nasik, Pune, Kolhapur, Aurangabad, Jalna, Nanded, Parbhani, Latur, Thane, Nagpur, Mumbai (Maharashtra), Bhubaneswar (Odisha), Chandigarh, Ludhiana (Punjab), Jaipur, Alwar, Kota, Udaipur, Jodhpur, Bikaner, Bhilwara, Sawaimadhopur (Rajasthan), Salem, Coimbatore, Trichy, Madurai, (Tamil Nadu), Lucknow, Kanpur, Varanasi, Allahabad Meerut, Faizabad, Gorakhpur (Uttar Pradesh), Dehradun (Uttarakhand), Siliguri, Kolkata (West Bengal)	128.28	128.28	0.00	128.28	Nandi Foundation, Bhajan Samaj Ghatkopar, Isha Outreach, Beshara Goau Wansh Sewa Samiti, Self-implemented

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	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
12	**Culture:** Preservation and promotion of the fine arts & culture	(v)	Chennai (Tamil Nadu), Mumbai (Maharashtra)	5.00	5.00	0.00	5.00	Charsur Arts Foundation, Sri Shanmukhananda Fine Arts and Sangeetha Sabha
13	CSR Administrative Expenses	Overheads	Mumbai (Maharashtra), Bengaluru (Karnataka), Delhi	56.47	0.00	56.47	56.47	-
	Total			**2,715.79**	**2,659.32**	**56.47**	**2,715.79**	

Note: 'Sector in which the Project is covered' in Column No.3, is defined in Schedule VII of the Companies Act, 2013, given hereunder:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swacch 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 vocation 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.

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 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, 2018

ANNEXURE IV TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2018

[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, Maharshtra, India. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfsl@mahindra.com Website: www.mahindrafinance.com
Whether listed company Yes/No	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	92.77%

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	51.19%	Section 2(46)
2.	Mahindra Insurance Brokers Limited Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai – 400 018.	U65990MH1987PLC042609	Subsidiary Company	80.00%	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)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
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)
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 shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	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	31,62,07,660	0	31,62,07,660	51.19	-0.01
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)*	37,23,298*	0	37,23,298	0.65	0	0	0	0.00	-0.65
Sub-total (A) (1)	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**-0.66**
(2) Foreign									
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)	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**-0.66**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	5,35,13,071	0	5,35,13,071	9.41	6,93,44,164	0	6,93,44,164	11.23	1.82
b) Banks / FI	66,85,035	0	66,85,035	1.17	14,48,368	0	14,48,368	0.23	-0.94
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	6,82,743	0	6,82,743	0.11	-0.22
f) Insurance Companies	51,26,423	0	51,26,423	0.90	0	0	0	0.00	-0.90
g) FIIs	17,28,77,428	0	17,28,77,428	30.40	18,17,15,440	0	18,17,15,440	29.41	-0.98
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)	**24,00,56,957**	**0**	**24,00,56,957**	**42.21**	**25,31,90,715**	**0**	**25,31,90,715**	**40.98**	**-1.22**

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	80,91,439	1,72,490	82,63,929	1.45	2,15,93,088	1,72,490	2,17,65,578	3.52	2.07
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	1,49,57,736	4,88,233	1,54,45,969	2.72	1,28,70,478	3,13,180	1,31,83,658	2.13	-0.58
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	61,41,061	2,85,710	64,26,771	1.13	65,18,454	2,85,710	68,04,164	1.10	-0.03
c) Others (specify)									
Clearing Members	16,25,391	0	16,25,391	0.29	10,79,121	0	10,79,121	0.17	-0.11
MMFSL ESOP Trust	0	0	0	0.00	32,87,993	0	32,87,993	0.53	0.53
Non Resident Indians	12,11,823	0	12,11,823	0.21	6,36,857	0	6,36,857	0.10	-0.11
Trusts	8,03,162	0	8,03,162	0.14	15,43,772	0	15,43,772	0.25	0.11
IEPF	0	0	0	0.00	65,442	0	65,442	0.01	0.01
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	**3,28,30,612**	**9,46,433**	**3,37,77,045**	**5.94**	**4,75,95,205**	**7,71,380**	**4,83,66,585**	**7.83**	**1.89**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**27,28,87,569**	**9,46,433**	**27,38,34,002**	**48.15**	**30,07,85,920**	**7,71,380**	**30,15,57,300**	**48.81**	**0.67**
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)	**56,78,18,527**	**9,46,433**	**56,87,64,960**	**100.00**	**61,69,93,580**	**7,71,380**	**61,77,64,960**	**100.00**	**0.00**

* During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2017)			No. of Shares held at the end of the year (As on 31st March, 2018)			% 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	0.00	31,62,07,660	51.19	0.00	-0.01*
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust- Consolidated with other DP	37,23,298	0.65	0.00	0	0.00	0.00	-0.65**
	Total	**29,49,30,958**	**51.85**	**0.00**	**31,62,07,660**	**51.19**	**0.00**	**-0.66**

* During the year 2017-18, the Company has allotted 2,50,00,000 Equity Shares to Mahindra & Mahindra Limited ('the Promoter') on a preferential allotment basis aggregating to Rs.1,055 crores. Pursuant to this allotment the percentage shareholding of the Promoter increased from 51.20% to 53.25%. Subsequently, the Company successfully concluded the QIP issue to Qualified Institutional Buyers through the issue of 2,40,00,000 Equity Shares aggregating to Rs. 1,056 crores. Pursuant to this allotment the percentage shareholding of the Promoter reduced from 53.25% to 51.19%.

** During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(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, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		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			
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus/sweat equity etc.)			+2,50,00,000 (30-11-2017) [Refer Note No. 1]		
	At the end of the year - (As on 31st March, 2018)				31,62,07,660 [Refer Note No. 1]	51.19
2	Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust-Consolidated with other DP ["MMFSL ESOP Trust"]					
	At the beginning of the year	37,23,298	0.65			
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)			[Refer Note No. 2]		
	At the end of the year - (As on 31st March, 2018)				N.A. [Refer Note No. 2]	

Note:

1) During the year 2017-18, the Company has allotted 2,50,00,000 Equity Shares to Mahindra & Mahindra Limited ('the Promoter') on a preferential allotment basis aggregating to Rs.1,055 crores. Pursuant to this allotment the percentage shareholding of the Promoter increased from 51.20% to 53.25%. Subsequently, the Company successfully concluded the QIP issue to Qualified Institutional Buyers through the issue of 2,40,00,000 Equity Shares aggregating to Rs. 1,056 crores. Pursuant to this allotment the percentage shareholding of the Promoter reduced from 53.25% to 51.19%.

2) During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	SBI Banking & Financial Services Fund#	1,78,68,321	3.14	01-04-2017			1,78,68,321	3.14
				14-04-2017	87,000	Market Sale & Purchase	1,79,55,321	3.16
				14-04-2017	-4,36,000		1,75,19,321	3.08
				28-04-2017	-30,000		1,74,89,321	3.07
				05-05-2017	97,000		1,75,86,321	3.09
				05-05-2017	-9,240		1,75,77,081	3.09
				26-05-2017	2,20,000		1,77,97,081	3.13
				09-06-2017	70,000		1,78,67,081	3.14
				16-06-2017	6,00,000		1,84,67,081	3.25
				16-06-2017	-20,000		1,84,47,081	3.24
				23-06-2017	6,20,000		1,90,67,081	3.35
				23-06-2017	-2,95,003		1,87,72,078	3.30
				30-06-2017	10,29,000		1,98,01,078	3.48
				07-07-2017	80,000		1,98,81,078	3.50

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				07-07-2017	-1,36,386		1,97,44,692	3.47
				21-07-2017	14,241		1,97,58,933	3.47
				28-07-2017	-83,400		1,96,75,533	3.46
				04-08-2017	2,70,000		1,99,45,533	3.51
				04-08-2017	-17,00,000		1,82,45,533	3.21
				11-08-2017	71,000		1,83,16,533	3.22
				11-08-2017	-7,000		1,83,09,533	3.22
				18-08-2017	20,000		1,83,29,533	3.22
				18-08-2017	-4,31,500		1,78,98,033	3.15
				25-08-2017	-13,000		1,78,85,033	3.14
				08-09-2017	60,000		1,79,45,033	3.16
				08-09-2017	-18,901		1,79,26,132	3.15
				15-09-2017	1,38,000		1,80,64,132	3.18
				15-09-2017	-5,47,840		1,75,16,292	3.08
				29-09-2017	1,71,870		1,76,88,162	3.11
				29-09-2017	-2,98,594		1,73,89,568	3.06
				06-10-2017	2,50,000		1,76,39,568	3.10
				13-10-2017	-1,90,000		1,74,49,568	3.07
				27-10-2017	-45,000		1,74,04,568	3.06
				03-11-2017	-51,517		1,73,53,051	3.05
				10-11-2017	-53,003		1,73,00,048	3.04
				17-11-2017	5,38,732		1,78,38,780	3.14
				17-11-2017	-70,000		1,77,68,780	3.12
				24-11-2017	10,000		1,77,78,780	3.13
				24-11-2017	-35,000		1,77,43,780	3.12
				01-12-2017	18,440		1,77,62,220	3.12
				08-12-2017	1,12,651		1,78,74,871	3.01
				15-12-2017	15,90,909		1,94,65,780	3.15
				22-12-2017	-1		1,94,65,779	3.15
				05-01-2018	7		1,94,65,786	3.15
				05-01-2018	-7,87,058		1,86,78,728	3.02
				12-01-2018	-48,000		1,86,30,728	3.02
				19-01-2018	1,15,000		1,87,45,728	3.03
				19-01-2018	-1,17,196		1,86,28,532	3.02
				26-01-2018	-48,000		1,85,80,532	3.01
				02-02-2018	-7,10,371		1,78,70,161	2.89
				09-02-2018	2,39,429		1,81,09,590	2.93
				02-03-2018	60,000		1,81,69,590	2.94
				09-03-2018	-76,652		1,80,92,938	2.93
				16-03-2018	-5,00,000		1,75,92,938	2.85
				30-03-2018	1,01,614		1,76,94,552	2.86
				30-03-2018	-20,000		1,76,74,552	2.86
		1,76,74,552	2.86	31-03-2018			1,76,74,552	2.86
2.	Franklin Templeton Investment Funds	1,72,27,212	3.03	01-04-2017			1,72,27,212	3.03
				14-04-2017	-1,12,650	Market Sale	1,71,14,562	3.01
				21-04-2017	-12,06,000		1,59,08,562	2.80
				28-04-2017	-22,75,000		1,36,33,562	2.40
				12-05-2017	-60,118		1,35,73,444	2.39
				19-05-2017	-5,000		1,35,68,444	2.39
				28-07-2017	-13,57,200		1,22,11,244	2.15
				04-08-2017	-13,69,200		1,08,42,044	1.91
				11-08-2017	-16,12,200		92,29,844	1.62
				18-08-2017	-3,40,800		88,89,044	1.56
				01-09-2017	-7,64,482		81,24,562	1.43
				27-10-2017	-7,10,054		74,14,508	1.30
				10-11-2017	-3,78,079		70,36,429	1.24
				17-11-2017	-36,429		70,00,000	1.23
				08-12-2017	-5,03,000		64,97,000	1.09
				15-12-2017	-2,15,951		62,81,049	1.02
				09-03-2018	-83,178		61,97,871	1.00
		61,97,871	1.00	31-03-2018			61,97,871	1.00

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
3.	Amansa Holdings Private Limited	61,92,593	1.09	01.04.2017		Market Sale	61,92,593	1.09
				14-04-2017	-1,92,593		60,00,000	1.05
				21-04-2017	-3,99,920		56,00,080	0.98
				22-09-2017	-6,19,775		49,80,305	0.88
				06-10-2017	-3,76,331		46,03,974	0.81
				13-10-2017	-41,58,094		4,45,880	0.08
				20-10-2017	-2,84,770		1,61,110	0.03
				27-10-2017	-1,61,110		0	0.00
		0	0.00	31-03-2018			0	00.0
4.	UTI Top 100 Fund#	1,50,53,674	2.65	01-04-2017		Market Sale & Purchase	1,50,53,674	2.65
				21-04-2017	-25,000		1,50,28,674	2.64
				28-04-2017	1,80,000		1,52,08,674	2.67
				28-04-2017	-47,333		1,51,61,341	2.67
				19-05-2017	-14,029		1,51,47,312	2.66
				02-06-2017	-30,000		1,51,17,312	2.66
				09-06-2017	3,11,005		1,54,28,317	2.71
				09-06-2017	-1,64,396		1,52,63,921	2.68
				16-06-2017	10,000		1,52,73,921	2.69
				16-06-2017	-1,25,000		1,51,48,921	2.66
				23-06-2017	-1,73,662		1,49,75,259	2.63
				30-06-2017	-2,40,939		1,47,34,320	2.59
				07-07-2017	-3,31,436		1,44,02,884	2.53
				14-07-2017	-1,29,436		1,42,73,448	2.51
				21-07-2017	-29,130		1,42,44,318	2.50
				28-07-2017	-10,140		1,42,34,178	2.50
				04-08-2017	-27,000		1,42,07,178	2.50
				11-08-2017	-45,000		1,41,62,178	2.49
				18-08-2017	-2,70,000		1,38,92,178	2.44
				25-08-2017	-79,074		1,38,13,104	2.43
				01-09-2017	-93,903		1,37,19,201	2.41
				08-09-2017	2,09,891		1,39,29,092	2.45
				08-09-2017	-88,684		1,38,40,408	2.43
				15-09-2017	2,90,439		1,41,30,847	2.48
				29-09-2017	-20,000		1,41,10,847	2.48
				06-10-2017	64,000		1,41,74,847	2.49
				06-10-2017	-70,628		1,41,04,219	2.48
				13-10-2017	64,000		1,41,68,219	2.49
				13-10-2017	-39,213		1,41,29,006	2.48
				20-10-2017	-45,000		1,40,84,006	2.48
				27-10-2017	90,000		1,41,74,006	2.49
				03-11-2017	27,354		1,42,01,360	2.50
				17-11-2017	-2,16,064		1,39,85,296	2.46
				24-11-2017	37,188		1,40,22,484	2.47
				01-12-2017	49,868		1,40,72,352	2.47
				01-12-2017	-1,33,000		1,39,39,352	2.45
				08-12-2017	5,47,099		1,44,86,451	2.44
				08-12-2017	-18,000		1,44,68,451	2.44
				15-12-2017	15,76,818		1,60,45,269	2.60
				15-12-2017	-9,72,949		1,50,72,320	2.44
				22-12-2017	2,35,000		1,53,07,320	2.48
				22-12-2017	-2,10,000		1,50,97,320	2.44
				05-01-2018	63,931		1,51,61,251	2.45
				05-01-2018	-10,000		1,51,51,251	2.45
				12-01-2018	2,59,495		1,54,10,746	2.49
				12-01-2018	-2,355		1,54,08,391	2.49
				19-01-2018	1,40,267		1,55,48,658	2.52
				26-01-2018	-10,616		1,55,38,042	2.52
				02-02-2018	5,50,004		1,60,88,046	2.60
				02-02-2018	-1,39,660		1,59,48,386	2.58
				09-02-2018	1,65,685		1,61,14,071	2.61
				09-02-2018	-20,000		1,60,94,071	2.61
				16-02-2018	53,466		1,61,47,537	2.61

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				23-02-2018	2,02,881		1,63,50,418	2.65
				23-02-2018	-20,942		1,63,29,476	2.64
				02-03-2018	2,14,054		1,65,43,530	2.68
				09-03-2018	6,15,478		1,71,59,008	2.78
				16-03-2018	97,633		1,72,56,641	2.79
				16-03-2018	-10,000		1,72,46,641	2.79
				23-03-2018	-10,000		1,72,36,641	2.79
				30-03-2018	1,61,454		1,73,98,095	2.82
				30-03-2018	-10,000		1,73,88,095	2.81
		1,73,88,095	2.81	31-03-2018			1,73,88,095	2.81
5.	Aranda Investments (Mauritius) PTE Ltd	1,41,59,390	2.49	01.04.2017		Market Sale	1,41,59,390	2.49
				15-09-2017	-7,00,000		1,34,59,390	2.37
				13-10-2017	-5,00,000		1,29,59,390	2.28
				20-10-2017	-9,00,000		1,20,59,390	2.12
				27-10-2017	-1,00,000		1,19,59,390	2.10
				31-10-2017	-25,45,000		94,14,390	1.66
				03-11-2017	-9,00,000		85,14,390	1.50
				24-11-2017	-30,13,394		55,00,996	0.97
				22-12-2017	-7,40,000		47,60,996	0.77
				12-01-2018	-13,45,675		34,15,321	0.55
				19-01-2018	-50,000		33,65,321	0.54
				26-01-2018	-6,62,200		27,03,121	0.44
				02-02-2018	-6,36,000		20,67,121	0.33
				16-02-2018	-9,06,197		11,60,924	0.19
				23-02-2018	-1,75,743		9,85,181	0.16
				02-03-2018	-3,44,764		6,40,417	0.10
				09-03-2018	-1,30,861		5,09,556	0.08
				16-03-2018	-1,49,536		3,60,020	0.06
				23-03-2018	-3,60,020		0	0.00
		0	0.00	31-03-2018			0	0.00
6.	Life Insurance Corporation of India	60,01,482	1.06	01-04-2017		Market Sale	60,01,482	1.06
				15-09-2017	-3,03,629		56,97,853	1.00
				22-09-2017	-7,89,560		49,08,293	0.86
				06-10-2017	-15,877		48,92,416	0.86
				13-10-2017	-8,25,632		40,66,784	0.72
				20-10-2017	-8,79,000		31,87,784	0.56
				27-10-2017	-7,95,368		23,92,416	0.42
				03-11-2017	-2,38,000		21,54,416	0.38
				10-11-2017	-5,46,757		16,07,659	0.28
				17-11-2017	-8,81,340		7,26,319	0.13
				24-11-2017	-3,33,903		3,92,416	0.07
		3,92,416	0.06	31-03-2018			3,92,416	0.06
7.	Bank Muscat India Fund	53,80,135	0.95	01-04-2017		No Change in the Shareholding during the year	53,80,135	0.95
		53,80,135	0.87	31-03-2018			53,80,135	0.87
8.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund#	0	0.00	01-04-2017		Market Sale & Purchase	0	0.00
				14-04-2017	3,47,014		3,47,014	0.06
				21-04-2017	9,90,000		13,37,014	0.24
				28-04-2017	4,48,000		17,85,014	0.31
				02-06-2017	4,64,000		22,49,014	0.40
				09-06-2017	1,10,000		23,59,014	0.41
				09-06-2017	-1,28,000		22,31,014	0.39
				16-06-2017	-3,20,000		19,11,014	0.34
				21-07-2017	9,45,000		28,56,014	0.50
				21-07-2017	-18,01,014		10,55,000	0.19
				28-07-2017	-67,500		9,87,500	0.17
				11-08-2017	6,75,193		16,62,693	0.29
				11-08-2017	-7,32,500		9,30,193	0.16
				18-08-2017	1,61,000		10,91,193	0.19

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				25-08-2017	4,05,000		14,96,193	0.26
				01-09-2017	2,17,000		17,13,193	0.30
				15-09-2017	4,50,000		21,63,193	0.38
				29-09-2017	-80,000		20,83,193	0.37
				06-10-2017	-3,85,000		16,98,193	0.30
				13-10-2017	2,35,000		19,33,193	0.34
				27-10-2017	2,84,000		22,17,193	0.39
				17-11-2017	6,15,000		28,32,193	0.50
				24-11-2017	3,35,000		31,67,193	0.56
				01-12-2017	2,00,000		33,67,193	0.59
				08-12-2017	2,00,000		35,67,193	0.60
				15-12-2017	9,95,455		45,62,648	0.74
				22-12-2017	4,40,000		50,02,648	0.81
				05-01-2018	40,000		50,42,648	0.82
				05-01-2018	-1,08,183		49,34,465	0.80
				19-01-2018	-50,000		48,84,465	0.79
				26-01-2018	-28,875		48,55,590	0.79
				02-02-2018	18,75,000		67,30,590	1.09
				02-02-2018	-3,80,000		63,50,590	1.03
				09-02-2018	-1,12,500		62,38,090	1.01
				16-02-2018	-77,500		61,60,590	1.00
				23-02-2018	-3,43,750		58,16,840	0.94
				02-03-2018	-12,000		58,04,840	0.94
				09-03-2018	-1,44,000		56,60,840	0.92
				16-03-2018	3,66,702		60,27,542	0.98
				23-03-2018	5,61,561		65,89,103	1.07
				23-03-2018	-1,73,750		64,15,353	1.04
				30-03-2018	-49,589		63,65,764	1.03
		63,65,764	1.03	31-03-2018			63,65,764	1.03
9.	HDFC Standard Life Insurance Company Limited	49,53,401	0.87	01-04-2017		Market Sale & Purchase	49,53,401	0.87
				07-04-2017	4,048		49,57,449	0.87
				07-04-2017	-1,99,600		47,57,849	0.84
				14-04-2017	-2,400		47,55,449	0.84
				21-04-2017	-900		47,54,549	0.84
				05-05-2017	-1,800		47,52,749	0.84
				12-05-2017	-2,450		47,50,299	0.84
				26-05-2017	48,00,299		95,50,598	1.68
				26-05-2017	-47,50,299		48,00,299	0.84
				02-06-2017	50,000		48,50,299	0.85
				16-06-2017	26,000		48,76,299	0.86
				30-06-2017	27,791		49,04,090	0.86
				07-07-2017	1,000		49,05,090	0.86
				21-07-2017	26,203		49,31,293	0.87
				21-07-2017	-1,319		49,29,974	0.87
				28-07-2017	-1,202		49,28,772	0.87
				04-08-2017	-2,350		49,26,422	0.87
				11-08-2017	73,800		50,00,222	0.88
				18-08-2017	2,018		50,02,240	0.88
				25-08-2017	97,782		51,00,022	0.90
				01-09-2017	47,300		51,47,322	0.90
				08-09-2017	1,00,000		52,47,322	0.92
				22-09-2017	4,194		52,51,516	0.92
				29-09-2017	50,000		53,01,516	0.93
				06-10-2017	1,50,000		54,51,516	0.96
				20-10-2017	9,712		54,61,228	0.96
				10-11-2017	1,24,000		55,85,228	0.98
				17-11-2017	51,499		56,36,727	0.99
				15-12-2017	13,23,275		69,60,002	1.13
				22-12-2017	3,50,873		73,10,875	1.18
				05-01-2018	3,13,742		76,24,617	1.23
				12-01-2018	-5,960		76,18,657	1.23
				19-01-2018	-7,315		76,11,342	1.23

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				26-01-2018	-1,05,111		75,06,231	1.22
				02-02-2018	40,868		75,47,099	1.22
				09-02-2018	2,09,132		77,56,231	1.26
				16-02-2018	1,00,279		78,56,510	1.27
				23-02-2018	1,49,172		80,05,682	1.30
				02-03-2018	1,90,794		81,96,476	1.33
				09-03-2018	3,74,551		85,71,027	1.39
				16-03-2018	2,54,282		88,25,309	1.43
				23-03-2018	1,59,833		89,85,142	1.45
				30-03-2018	1,29,200		91,14,342	1.48
		91,14,342	1.48	31-03-2018			91,14,342	1.48
10.	Valiant Mauritius Partners Limited	51,06,241	0.90	01-04-2017		Market Sale & Purchase	51,06,241	0.90
				26-05-2017	3,22,100		54,28,341	0.95
				09-06-2017	-86,549		53,41,792	0.94
				07-07-2017	-6,21,200		47,20,592	0.83
				14-07-2017	-68,172		46,52,420	0.82
				28-07-2017	-30,400		46,22,020	0.81
				04-08-2017	-2,11,500		44,10,520	0.78
				11-08-2017	-2,13,800		41,96,720	0.74
				20-10-2017	-4,04,600		37,92,120	0.67
				03-11-2017	37,92,120		75,84,240	1.33
				03-11-2017	-37,92,120		37,92,120	0.67
				15-12-2017	2,38,636		40,30,756	0.65
				26-01-2018	-1,22,169		39,08,587	0.63
		39,08,587	0.63	31-03-2018	0		39,08,587	0.63
11.	BlackRock Global Funds Asian Dragon Fund #	12,75,748	0.22	01-04-2017		Market Purchase	12,75,748	0.22
				07-04-2017	14,76,239		27,51,987	0.48
				14-04-2017	26,00,723		53,52,710	0.94
				02-06-2017	8,23,309		61,76,019	1.09
				09-06-2017	1,61,617		63,37,636	1.11
				30-06-2017	3,68,414		67,06,050	1.18
				07-07-2017	1,47,389		68,53,439	1.20
				14-07-2017	29,211		68,82,650	1.21
				21-07-2017	1,25,619		70,08,269	1.23
				11-08-2017	1,56,881		71,65,150	1.26
				20-10-2017	1,37,109		73,02,259	1.28
				01-12-2017	31,97,488		1,04,99,747	1.85
				15-12-2017	8,28,952		1,13,28,699	1.83
				05-01-2018	21,886		1,13,50,585	1.84
				12-01-2018	2,19,074		1,15,69,659	1.87
				26-01-2018	1,38,741		1,17,08,400	1.90
				02-02-2018	1,35,450		1,18,43,850	1.92
				02-03-2018	2,76,351		1,21,20,201	1.96
				23-03-2018	2,54,511		1,23,74,712	2.00
		1,23,74,712	2.00	31-03-2018			1,23,74,712	2.00
12.	Blackrock Global Funds - Asian Growth Leaders Fund #	0	0	01-04-2017		Market Purchase	0	0.00
				02-06-2017	25,63,072		25,63,072	0.45
				09-06-2017	4,46,407		30,09,479	0.53
				30-06-2017	12,09,428		42,18,907	0.74
				07-07-2017	4,83,851		47,02,758	0.83
				14-07-2017	4,01,762		51,04,520	0.90
				11-08-2017	1,00,188		52,04,708	0.92
				25-08-2017	10,20,169		62,24,877	1.09
				01-09-2017	1,95,398		64,20,275	1.13
				08-09-2017	1,100		64,21,375	1.13
				13-10-2017	70,135		64,91,510	1.14
				27-10-2017	1,20,257		66,11,767	1.16
				01-12-2017	40,760		66,52,527	1.17
				08-12-2017	1,76,594		68,29,121	1.15

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				15-12-2017	9,92,484		78,21,605	1.27
				05-01-2018	1,97,433		80,19,038	1.30
				26-01-2018	3,27,932		83,46,970	1.35
				02-02-2018	1,44,015		84,90,985	1.37
				09-02-2018	1,53,456		86,44,441	1.40
				23-02-2018	3,85,982		90,30,423	1.46
				02-03-2018	50,099		90,80,522	1.47
		90,80,522	1.47	31-03-2018			90,80,522	1.47
13.	Valiant Mauritius Partners Offshore Limited	67,66,572	1.19	01-04-2017		Market Sale and Purchase	67,66,572	1.19
				26-05-2017	4,43,401		72,09,973	1.27
				09-06-2017	-27,794		71,82,179	1.26
				07-07-2017	-5,28,800		66,53,379	1.17
				14-07-2017	-96,160		65,57,219	1.15
				28-07-2017	-44,600		65,12,619	1.15
				04-08-2017	-2,98,000		62,14,619	1.09
				11-08-2017	-3,01,200		59,13,419	1.04
				20-10-2017	-5,68,200		53,45,219	0.94
				03-11-2017	53,45,219		1,06,90,438	1.88
				03-11-2017	-53,45,219		53,45,219	0.94
				15-12-2017	3,29,546		56,74,765	0.92
				26-01-2018	1,22,169,		57,96,934	0.94
		57,96,934	0.94	31-03-2018			57,96,934	0.94
14.	Kotak Funds- India Midcap Fund #	0	0.00	01-04-2017		Market Purchase	0	0.00
				02-06-2017	1,00,000		1,00,000	0.02
				14-07-2017	13,81,287		14,81,287	0.26
				21-07-2017	9,58,343		24,39,630	0.43
				28-07-2017	2,49,999		26,89,629	0.47
				04-08-2017	9,527		26,99,156	0.47
				11-08-2017	1,72,879		28,72,035	0.50
				18-08-2017	25,000		28,97,035	0.51
				20-10-2017	11,063		29,08,098	0.51
				15-12-2017	6,86,868		35,94,966	0.58
				05-01-2018	33,070		36,28,036	0.59
				19-01-2018	3,09,123		39,37,159	0.64
				26-01-2018	64,193		40,01,352	0.65
				02-02-2018	6,11,202		46,12,554	0.75
				09-02-2018	3,12,410		49,24,964	0.80
				16-02-2018	2,00,000		51,24,964	0.83
				23-02-2018	25,174		51,50,138	0.83
				02-03-2018	2,43,668		53,93,806	0.87
				09-03-2018	2,32,586		56,26,392	0.91
				16-03-2018	2,71,125		58,97,517	0.95
				23-03-2018	1,23,469		60,20,986	0.97
		60,20,986	0.97	31-03-2018			60,20,986	0.97
15.	Vanguard Emerging Markets Stock Index Fund, ASERIE*	49,39,352	0.87	01-04-2017		Market Sale & Purchase	49,39,352	0.87
				07-04-2017	36,748		49,76,100	0.87
				28-04-2017	5,370		49,81,470	0.88
				05-05-2017	42,960		50,24,430	0.88
				12-05-2017	13,425		50,37,855	0.89
				19-05-2017	28,998		50,66,853	0.89
				02-06-2017	11,814		50,78,667	0.89
				07-07-2017	18,795		50,97,462	0.90
				14-07-2017	13,425		51,10,887	0.90
				04-08-2017	11,814		51,22,701	0.90
				11-08-2017	15,573		51,38,274	0.90
				01-09-2017	19,332		51,57,606	0.91

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 (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				08-09-2017	27,387		51,84,993	0.91
				15-09-2017	24,702		52,09,695	0.92
				06-10-2017	16,110		52,25,805	0.92
				13-10-2017	16,647		52,42,452	0.92
				20-10-2017	12,351		52,54,803	0.92
				27-10-2017	11,277		52,66,080	0.93
				22-12-2017	-1,51,362		51,14,718	0.83
				26-01-2018	21,526		51,36,244	0.83
				02-02-2018	19,236		51,55,480	0.83
				23-03-2018	51,55,480		1,03,10,960	1.67
				23-03-2018	-51,55,480		51,55,480	0.83
				30-03-2018	-24,100		51,31,380	0.83
		51,31,380	0.83	31-03-2018			51,31,380	0.83
16.	Merrill Lynch Markets Singapore PTE. Ltd*	48,89,510	0.86	01-04-2017		Market Sale & Purchase	48,89,510	0.86
				07-04-2017	-44,932		48,44,578	0.85
				14-04-2017	-5,31,314		43,13,264	0.76
				21-04-2017	4,60,551		47,73,815	0.84
				28-04-2017	7,340		47,81,155	0.84
				05-05-2017	7,13,601		54,94,756	0.97
				12-05-2017	7,000		55,01,756	0.97
				19-05-2017	9,200		55,10,956	0.97
				26-05-2017	-1,60,000		53,50,956	0.94
				02-06-2017	4,94,949		58,45,905	1.03
				09-06-2017	38,000		58,83,905	1.03
				07-07-2017	3,87,793		62,71,698	1.10
				14-07-2017	-25,102		62,46,596	1.10
				28-07-2017	4,85,400		67,31,996	1.18
				04-08-2017	5,82,526		73,14,522	1.29
				11-08-2017	-10,000		73,04,522	1.28
				18-08-2017	-69,094		72,35,428	1.27
				25-08-2017	-745		72,34,683	1.27
				01-09-2017	-2,72,574		69,62,109	1.22
				08-09-2017	3,655		69,65,764	1.22
				15-09-2017	-1,948		69,63,816	1.22
				22-09-2017	-1,27,588		68,36,228	1.20
				29-09-2017	-1,80,551		66,55,677	1.17
				06-10-2017	-2,870		66,52,807	1.17
				13-10-2017	2,045		66,54,852	1.17
				20-10-2017	7,691		66,62,543	1.17
				27-10-2017	-8,134		66,54,409	1.17
				31-10-2017	7,85,000		74,39,409	1.31
				17-11-2017	-90,400		73,49,009	1.29
				24-11-2017	-1,24,800		72,24,209	1.27
				08-12-2017	-67,500		71,56,709	1.21
				15-12-2017	56,200		72,12,909	1.17
				22-12-2017	258		72,13,167	1.17
				19-01-2018	-258		72,12,909	1.17
				09-02-2018	9,202		72,22,111	1.17
				16-02-2018	-11,464		72,10,647	1.17
				02-03-2018	-5,25,700		66,84,947	1.08
				09-03-2018	-1,10,988		65,73,959	1.06
				16-03-2018	-22,01,457		43,72,502	0.71
				23-03-2018	1,49,600		45,22,102	0.73
		45,22,102	0.73	31-03-2018			45,22,102	0.73

@ Based on the beneficiary position as at the end of each week. Top ten Shareholders on basis of PAN numbers have been considered for the above disclosure.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2018. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2017.

\# Not in the list of Top 10 Shareholders as on 01-04-2017. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2018.

(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 (01/04/2017) / end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A.	**Directors**							
1.	Mr. Dhananjay Mungale Chairman and Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer Vice-Chairman & Managing Director	7,43,432	0.13	01-04-2017			7,43,432	0.13
				24-11-2017	34,597	ESOP Allotment	7,78,029	0.14
		7,78,029	0.13	31-03-2018			7,78,029	0.13
3.	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
4.	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
5.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2017	0	No Change in the Shareholding during the year	0	0.00
6.	Ms. Rama Bijapurkar Independent Director	30,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	30,000	0.01
7.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2017	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2017	0	No Change in the Shareholding during the year	0	0.00
9.	Mr. V. Ravi Executive Director & Chief Financial Officer	5,18,933	0.09	01-04-2017	0		5,18,933	0.09
				24-11-2017	12,264	ESOP Allotment	5,31,197	0.09
		5,31,197	0.09	31-03-2018			5,31,197	0.09
B.	**Key Managerial Personnel**							
	Ms. Amavaz M. Pardiwalla Company Secretary & Compliance Officer	12,633	0.00	01-04-2017	0	No Change in the Shareholding during the year	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 (01.04.2017)				
i) Principal Amount	23,76,485.75	6,39,054.81	4,38,296.14	34,53,836.69
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	1,28,687.84
Total (i+ii+iii)	**24,59,642.86**	**6,52,411.21**	**4,70,470.45**	**35,82,524.53**
Change in Indebtedness during the financial year - Principal Amount				
Addition	25,05,069.72	24,73,740.45	95,982.53	50,74,792.70
Reduction	20,65,720.88	23,02,284.81	2,20,541.53	45,88,547.22
Exchange Difference	1,577.32	0.00	0.00	1,577.32
Net Change	4,40,926.15	17,14,55.65	-1,24,559.01	4,87,822.79

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
- Interest accrued but not due				
Addition	1,91,861.20	28,237.21	32,710.87	2,52,809.29
Reduction	1,58,719.42	21,721.08	43,435.91	2,23,876.42
Net Change	33,141.78	6,516.13	-10,725.04	28,932.87
Indebtedness at the end of the financial year				
i) Principal Amount	28,17,411.90	8,10,510.45	3,13,737.13	39,41,659.48
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,16,298.90	19,872.54	21,449.28	1,57,620.71
Total (i+ii+iii)	**29,33,710.80**	**8,30,382.99**	**3,35,186.41**	**40,99,280.19**

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	344.09	158.17	502.26
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.26	3.13	15.29
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	142.98	50.69	193.67
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	-	-	-
	- others	97.65	45.68	143.33
5.	Others (Retirals)	22.32	6.85	18.27
	Total (A)	**608.30**	**264.52**	**872.82**
	Ceiling as per the Act			**14,563.99**
		(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	10.70	9.50	9.60	8.60	6.30	44.70
2.	Commission	17.00	24.00	17.00	17.00	17.00	92.00
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)		**27.70**	**33.50**	**26.60**	**25.60**	**23.30**	**136.70**

Non-Executive Non-Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. V. S. Parthasarathy	Dr. Anish Shah	
1.	Fee for attending Board / Committee Meetings	Nil	Nil	Nil
2.	Commission	Nil	Nil	Nil
3.	Others	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)			**136.70**
	Overall Ceiling as per the Act			**1,456.40**
		(being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)		
	Total Managerial Remuneration (A+B)			**1,009.52**
	Overall Ceiling as per the Act			**16,020.38**
		(being 11% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)		

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

Remuneration to Ms. Arnavaz M. Pardiwalla, 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	59.70
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	0
5.	Others (Retirals)	3.27
	Total	**63.29**

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					
	Punishment			NONE		
	Compounding					
B.	**Directors**					
	Penalty					
	Punishment			NONE		
	Compounding					
C.	**Other Officers in Default**					
	Penalty					
	Punishment			NONE		
	Compounding					

For and on behalf of the Board

Place : Mumbai
Date : 25th April, 2018

Dhananjay Mungale
Chairman

ANNEXURE V - A TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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, 2018

ANNEXURE V - B TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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;

(v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and

(vi) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- 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, 2018

ANNEXURE – VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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, 2018

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, 2018 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, 2018 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 for the reporting in respect of the investments made 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:

i. The Members have approved an increase in the Borrowing powers of the Company from Rs.55,000 Crores to Rs. 60,000 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 15th June, 2017.

ii. The Company made a public issue of Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") and raised a sum of Rs.1,150,53,13,000 (Rupees One Thousand One Hundred Fifty Crores Fifty-three Lakhs and Thirteen Thousand) resulting in allotment of 1,15,05,313 NCDs having Face Value of Rs.1,000 each.

iii. The Company made a Qualified Institutional Placement (QIP) of 2,40,00,000 Equity Shares at the Issue Price of Rs.440 per Equity Share (including a premium of Rs. 438 per Equity Share), aggregating to Rs.1,056 Crores.

iv. The Company made a preferential allotment of 2,50,00,000 Equity Shares to its holding company, namely Mahindra & Mahindra Limited at a price of Rs.422 per share,(including a premium of Rs. 420 per Equity Share), raising a sum of Rs.1,055 Crores.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Place : Mumbai
Date : 20th April, 2018

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. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to issue of securities, Corporate governance aspects and filing of forms and returns there under.

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

C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Place: Mumbai
Date : 20th April, 2018

ANNEXURE – VII TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis–**

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis–**

   The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018, are as follows:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of Transaction	Transaction Value (Rs. in Crores)	Duration of Transaction	Salient terms of Transaction	Date of approval by the Board	Amount paid in advance (Rs. in Crores)
1	Mahindra & Mahindra Limited (Holding Company)	Preferential Allotment of 2,50,00,000 Equity Shares at a price of Rs. 422 per share, (including a premium of Rs. 420 per share)	1,055.00	29th November, 2017 – 30th November, 2017	The Related Party Transaction (RPT) entered during the period was in the ordinary course of business and on arm's length basis.	1st November, 2017	Nil

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

Management Discussion and Analysis

1. MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED – AN OVERVIEW

Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) is a subsidiary of the Indian conglomerate Mahindra & Mahindra Limited (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 various leading insurance companies. Through Mahindra Rural Housing Finance Limited, another subsidiary, we provide loans for construction, extension, purchase and improvement to homes of customers in rural and semi-urban India. Through Mahindra Mutual Fund, managed by Mahindra Asset Management Company Private Limited, one of our subsidiaries, we offer variety of mutual fund schemes targeting prospective investors in rural and semi-urban India.

2. ECONOMIC REVIEW

2.1 Global Economy

World growth strengthened in 2017 to 3.8%, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. At 3.8%, global growth in 2017 was the fastest since 2011. The US economy grew at 2.3%, accelerating from 1.5% in the preceding year. Labour market conditions improved further with the unemployment rate falling to a low of 4.1%. Industrial production also registered a robust growth driven largely by mining activity. These developments in conjunction with rising consumer confidence and higher disposable incomes due to tax rationalsation are expected to support growth. However, the impact of the tax justification on the fiscal balance and the ramifications of a potential trade war remain major risks to the outlook.

Economic activity in the euro area continued to expand at a solid pace in H2, marking 2017 as one of the best years for the area in over a decade. Consistently falling unemployment rate and elevated consumer confidence continued to point to the underlying strength of the economy. The outlook for the euro area remains upbeat with still accommodative monetary policy and rising global demand, although the strong euro could act as a drag on net exports and growth.

Economic activity also continued to expand in major Emerging Market Economies (EMEs). China's economy grew by 6.9% in 2017, above both the official target of 6.5% and 6.7% recorded in 2016. Notwithstanding financial risks, a government-led economic restructuring is underway, transitioning China from an export-driven path to a more balanced one that is driven by domestic demand. In Brazil, economic activity is gaining momentum, driven by higher commodity prices and improved fiscal outlook. The Russian economy has continued to recover, benefiting from easing of monetary policy, higher oil prices and strong household consumption.

Outlook

With financial conditions still supportive, global growth is expected to rise to 3.9% in 2018 and 2019. Advanced Economies (AEs) will grow faster this year and next; euro area economies are set to narrow excess capacity with support from accommodative monetary policy and expansionary fiscal policy will drive the US economy above full employment. Aggregate growth in emerging markets and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance. The recent volatility in financial markets stemming mainly from the uncertainty over the pace of normalisation of monetary policy in AEs could pose a challenge to the EMEs, while fear of rising trade protectionism have clouded the global trade outlook.

Global Growth

(%)

Particulars	2016	2017	Projections 2018	Projections 2019
World Output	3.2	3.8	3.9	3.9
Advanced Economies	1.7	2.3	2.5	2.2
United States	1.5	2.3	2.9	2.7
Euro Area	1.8	2.3	2.4	2.0
Japan	0.9	1.7	1.2	0.9
United Kingdom	1.9	1.6	1.6	1.5
Other Advanced Economies *	2.3	2.7	2.7	2.6
Emerging Market and Developing Economies	4.4	4.9	4.9	5.1
China	6.7	6.6	6.6	6.4

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

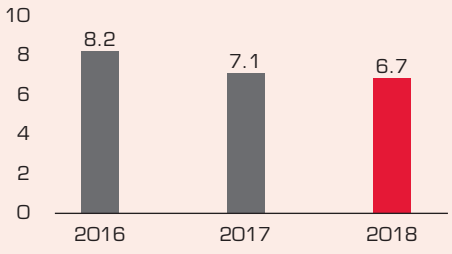
Source: International Monetary Fund (IMF), RBI

2.2 Indian Economy

According to Central Statistics Office (CSO), the Indian economy posted a growth rate of 7.7% during Q4 – January – March 2018, enabling the country to retain its position as the fastest growing major economy. This was on account of robust performance by manufacturing and service sectors as well as good farm output. India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and noteworthy domestic reforms gradually being implemented by the Government.

The revised fiscal deficit was put at 3.5% of GDP in 2016-17, higher than 3.2% budgeted last year. The fiscal deficit has been projected at 3.3% of GDP for the year 2018-19, higher than the fiscal consolidation target of 3%.

Annual GDP Growth Rate (%)



Source: Central Statistics Office (CSO)

AGGREGATE GROWTH IN EMERGING MARKET AND DEVELOPING ECONOMIES IS PROJECTED TO FIRM FURTHER, WITH CONTINUED STRONG GROWTH IN EMERGING ASIA AND EUROPE AND A MODEST UPSWING IN COMMODITY EXPORTERS AFTER THREE YEARS OF WEAK PERFORMANCE.

Outlook

Going forward, economic activity is expected to gather pace in F.Y. 2018-19, benefitting from a conducive domestic and global environment. Following factors will contribute towards it:

- the teething troubles relating to implementation of the GST are receding.
- credit off-take has improved in the recent period and is becoming increasingly broad-based, which portends well for the manufacturing sector and new investment activity.
- large resource mobilisation from the primary market could strengthen investment activity further in the period ahead.
- the process of recapitalisation of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC) may improve the business and investment environment.
- global trade growth has accelerated, which should encourage exports and reduce the drag from net exports.
- the thrust on rural and infrastructure sectors in the Union Budget could rejuvenate rural demand and also crowd in private investment.

DETERMINED GOVERNMENT EFFORTS TO IMPROVE DIGITISED FINANCIAL SERVICES EXPERIENCE HAVE ENABLED ENHANCED SECTOR PENETRATION, ESPECIALLY IN RURAL INDIA.

Goods and Services Tax (GST)

Good and Services Tax (GST) was made effective in the country w.e.f. 1st July, 2017. This required a change in the compliance mechanism as well as the determination of taxability for different states in which the Company operates. Major change for determination of tax was of determining Source and Consumption State for each transaction. To handle the criticalities of GST law, there were several system changes required in the various softwares being used by the Company. There were challenges in respect of filing of various returns on monthly basis for each state where the registration was obtained by the Company. The due dates for filing returns were challenging, however they were always filed within the due dates. We have also purchased an external software for assisting in generation of invoices as required by the GST law and for generation of files for filing various returns.

3. FINANCIAL SERVICES INDUSTRY

India's diversified financial sector is undergoing rapid expansion. The sector comprises of commercial banks, non-banking financial companies, co-operatives, pension funds, insurance companies, mutual funds and other financial entities. A fast-growing economy, rising income levels, higher financial savings, greater propensity to spend and improving life expectancy rates are some of the encouraging factors that are likely to boost growth in the sector in the coming years. Over the past few years, the Reserve Bank of India (the RBI) has been steadily implementing technology to deepen and broaden financial services in India. Innovative steps like introduction of small finance banks and specialised payment banks have been implemented.

- The Financial Services Sector contributes significantly to the Indian growth story and is poised for rapid growth in future.
- Extensive use of technology is stirring the financial services sector with the rise of digital payment options (UPI, wallets, payment banks) and blockchain technology.
- Determined government efforts to improve digitised financial services experience have enabled enhanced sector penetration, especially in rural India.
- Financial inclusion agenda of the government is being realised through Aadhaar-based biometric authentication methods for electronic payments, P2P lending and crowd funding.
- Implementation of the Insolvency and Bankruptcy Code (IBC) is changing the landscape for restructuring of stressed assets.
- The re-capitalisation of PSU banks should improve the credit growth in the lending activity.

Emerging trends in the financial services industry

Simplifying digitalisation - Business is becoming more about the user experience. Automated user interfaces can go a long way in aiding this transformation, and implementing digitalisation is key to making it happen. The upcoming year will be about the simplification of processes and digitalisation.

Banking regulations - 2018 will be a turning point in financial regulation. Alongside General Data Protection Regulation (GDPR) and Markets in Financial Instruments Directive (MiFID II), the requirements for central clearing and the second Payments Services Directive (PSD2) will bring out significant changes to the banking environment, with the visionaries emerging as the winners.

FinTech collaboration - One of the largest technology revolutions in banking in recent years has been the use of advanced data analytics techniques to nail rogue trading activities within banks. In 2018, banks will have to decide whether to service clients in-house or through a third party, to stay competitive.

Rise of robots - Robotic Process Automation (RPA), which uses software robots or 'bots' to mimic human activity, has the latent to expose more value by endorsing employees to focus on value-added work. This in turn will eventually change the way the financial services sector operates.

Reality of blockchain - The use of the distributed ledger technology will no longer just be theoretical. The prospects for financial services that invest in such technology are boundless, from reducing operational costs to improving efficiency.

Digital Transformation

Taking into consideration the above, in December 2016, Mahindra Finance embarked on a digital transformation journey across the Group's Financial Services Sector. The journey encompassed four areas of focus – digitising operations for scale, mobile first interfaces for servicing customers, unified data architecture and analytics for single customer view, leveraging new technologies for new businesses. This was strengthened by new organisational design and talent.

After a year of implementation of the phase-I, the Company is pleased to note the increasing acceptance of this digital transformation both by its employees and customers. Employees are enabled with sales apps for customer acquisition and servicing that give them the ability to operate anytime, anywhere. The Company's customers have been given a new app which has had more than 50,000 downloads with thousands of customers using it to make digital payments. And many thousands are using the Company's website to make online EMI payments too. Your Company has embarked on an ambitious need based, loans program which will soon be digitally run from loan application to disbursement. Mahindra Finance has also launched Blockchain based invoice discounting platform between OEM's, their suppliers and the Company.

Your Company is continuously strengthening its IT and Data infrastructure to be future ready and ahead of industry in innovation.

Budget 2018-19: Financial Services key highlights

- Additional measures to be introduced to strengthen the environment for growth and successful operation of Alternative Investment Funds (AIFs) in India.
- SEBI to consider mandating corporates to meet one-fourth of their financing needs from the bond market.
- Government to reform stamp duty regime on financial securities transactions in consultation with States and amend the Indian Stamp Act.

EXTENSIVE USE OF TECHNOLOGY IS STIRRING THE FINANCIAL SERVICES SECTOR WITH THE RISE OF DIGITAL PAYMENT OPTIONS (UPI, WALLETS, PAYMENT BANKS) AND BLOCKCHAIN TECHNOLOGY.

- A unified authority to be established for regulating all financial services in International Financial Services Centres (IFSC).
- Separate policy to be formulated for hybrid instruments for attracting foreign investments, especially start-ups and venture capital firms.
- Bank recapitalisation programme to pave way for public sector banks to lend additional credit of INR 5 lakh crores.
- A new proposal to allow strong Regional Rural Banks to raise capital from the market to enable them to increase their credit to rural economy is under consideration.
- Measures for effectively addressing NPAs and stressed assets of MSMEs to be announced shortly.
- Refinancing policy and eligibility criteria set by MUDRA to be reviewed for better refinancing of NBFCs.

3.1 NBFC Industry

Non-Banking Financial Companies (NBFC) are an integral part of the Indian Financial system, augmenting competition and diversification in the financial sector and complementing the banking system. The Indian NBFC sector has been providing credit to customers in the underserved and unbanked areas. Their channelling the savings and investments of customers and the subsequent capital formation is necessary for India's economic growth and development. Their ability to innovate products in conformity with the needs of their clients is well established.

Classification of NBFCs based on activities undertaken

Asset Finance Company (NBFC-AFC)	Financing of physical assets supporting productive/economic activity, including automobiles, tractors and generators.
Loan Company	Providing finance by extending loans or otherwise for any activity other than its own but does not include an AFC.
Investment Company	Acquiring securities for the purposes of selling.
Infrastructure Finance Company (NBFC-IFC)	Providing infrastructure loans.
Systemically Important Core Investment Company (CIC-ND-SI)	Acquiring shares and securities for investment in mainly equity shares.
Infrastructure Debt Fund (NBFC-IDF)	For facilitating flow of long-term debt into infrastructure projects.
Micro Finance Institution (NBFC-MFI)	Extending credit to economically disadvantaged groups as well support Micro, Small and Medium Enterprises (MSMEs).
Factor (NBFC-Factor)	Undertaking the business of acquiring receivables of an assignor or extending loans against the security interest of the receivables at a discount.
NBFC–Non-Operative Financial Holding Company (NOFHC)	For permitting promoter groups to set up a new bank.
Mortgage Guarantee Company (MGC)	Undertaking mortgage activities.
Account Aggregator (NBFC-AA)	Collecting and providing the information of customers' financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer.
Non-Banking Financial Company - Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise unsecured finance.

NBFCs operate at higher yields mainly because they cater to underserved markets. Their operating cost as well as bad debt expenditure is lower compared to banks due to:

- Better risk appreciation and management.
- Lower cost due to lean and focused business models.
- Better service through faster response and personalised approach.

According to CRISIL, NBFCs in India are expected to see 18% Compounded Annual Growth Rate (CAGR) for the next two-and-a-half years and raise their share in total credit to 19% by 2020. The home loans segment, the largest business segment for NBFCs, is expected to grow at a steady CAGR of 18% over the next three years as they focus on self-employed customers and lower ticket size.

The NBFCs' market share in the wholesale finance business is expected to increase from 12% in 2014 to 19% in 2020. Home loans, the largest business segment for non-banks, is expected to grow at a steady CAGR of about 18% over the next three fiscals, owing to sharper focus of HFCs on self-employed customer segment and lower ticket sizes. With regulatory guidelines and government policy driving developers to focus on the affordable housing market, there lies huge opportunity for growth by investing and financing these properties. Since the Pradhan Mantri Awas Yojana provides home buyers with a Credit Linked Subsidy Scheme, the effective rate of interest payment falls below rental yields. This, in turn, improves the conditions for buying affordable housing property, empowering Housing Finance Companies (HFCs) and NBFCs to invest more in this segment.

19%

SHARE OF NBFCs IN TOTAL CREDIT BY 2020

Growth Drivers

Improving macro-economic fundamentals

The cross-sectional distribution pattern of the industry is determined by the performance of the economy. The macro-economic vulnerabilities at the domestic front have declined because of improvement in growth outlook, fall in inflation and recovery in industrial production data. With rising investor sentiment and business confidence, industry growth is likely to be fuelled by lending in the future.

Increase in infrastructure projects

Infrastructure development has been identified as a key driver of long-term economic growth in India over the years. Government spending on infrastructure has been constantly increasing to bolster the Country's economy. In Budget 2018-19, budgetary and extra-budgetary expenditure on infrastructure increased to Rs. 5.97 lakh crores for 2018-19 from Rs. 4.94 lakh crores in 2017-18. Urbanisation, rising incomes and younger and smaller family units all point towards a rise in real estate activity.

Strong regulatory initiatives

The RBI has been tightening regulations to manage the risk in the sector and has been proposing higher capital and provisioning requirements. It has also been stressing on higher disclosures to safeguard public money and prevent systemic shocks. In addition, the RBI has taken rapid preventive actions in addressing specific issues to manage systemic risk. It has issued an ombudsman scheme for NBFCs, offering a grievance redressal mechanism for their customers.

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 loan request 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 POLICIES, COMBINED WITH THE FINANCIAL SERVICES INDUSTRY'S EFFORTS TO LOOK FOR GROWTH, WILL AUGMENT FINANCIAL INCLUSION.

Outlook

NBFCs continue to be an integral part of the country's financial service ecosystem. The expected reforms and drive towards various core sectors will provide more opportunities to the NBFCs to create significant financial inclusion and employment opportunities across the country. In line with the government's vision to achieve inclusive growth, the next key step is to include the unbanked population in the formal financial system. This will empower them and result in a significant increase in the average per capita income. Government policies, combined with the financial services industry's efforts to look for growth, will augment financial inclusion.

4. AUTOMOTIVE INDUSTRY

The Indian auto industry is one of the largest in the world with an annual production of 25.32 million vehicles in 2016-17. Though in 2017-18 the industry witnessed many headwinds – ban on sale of BS-III vehicles from 1st April, 2017, GST implementation as on 1st July, 2017, and rate revisions under GST in September 2017, it has managed to register growth of 11.5% vis-à-vis 6.8% during the same period last year. This year, rural income was supported by a near-normal monsoon, which led to good crop and higher MSPs (Minimum Support Prices) announced by the government. This has resulted in higher disposable incomes in the hands of rural population. Also, demand for commercial vehicles recovered on the back of infrastructure development, with new road and highway projects being undertaken and various projects coming up in smart cities.

During April-March 2018, the automobile industry produced over 29 million vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles, as compared to the 25.3 million vehicles produced during April-March 2017, thus registering production growth of 14.78%.

Domestic volume growth trends across segments – 2017-18

Segment-wise Sales	2017-18	2016-17	Change (%)
Passenger Vehicles	3,287,965	3,047,582	7.9%
Commercial Vehicles	856,453	714,082	19.9%
Two Wheelers	20,192,672	17,589,738	14.8%
Three Wheelers	635,698	511,879	24.2%
Tractors	711,478	582,844	22.1%

Source: Society of Indian Automobile Manufacturers (SIAM)

Passenger Vehicles

The passenger vehicle market saw a growth of 7.89% with sale of 3.28 million vehicles in April-March 2018 majorly led by utility vehicle sales which itself saw a growth of 20.97%. Within the passenger vehicles segment, sale of passenger cars and vans grew by 3.33% and 5.78% respectively, over the last fiscal year.

Commercial Vehicles

Total sales grew by 19.94% during April-March 2018 supported by pent-up demand post GST implementation, stringent execution of overloading norms in select states as well as healthy demand for Heavy Commercial Vehicles (HCVs). Medium & Heavy Commercial Vehicles (M&HCVs) segment saw growth of 12.48%, while Light Commercial Vehicles (LCVs) segment grew by 25.42%, during the same period. On the other hand, the three-wheelers segment saw growth of 24.19% in April- March 2018 over the last year.

Budget 2018-19: Automobile Industry - key highlights

- Increase in customs duty for CKD (Completely Knocked Down) import of motor vehicles, motor cars, motorcycles and key auto ancillary and tyre products.
- Higher allocation towards Infrastructure (From Rs. 4.94 lakh crores to Rs. 5.97 lakh crores).
- Substantial allocation towards creation of livelihood and rural infrastructure (Rs. 14.34 lakh crores), which includes employment generation in rural areas, rural roads development, rural houses and rural electrification.

Growth Drivers

Emerging middle-class

By 2021, India's emerging, and middle-class segments will comprise of nearly 900 million people and the Auto industry in India is expected to benefit greatly from this growth. A middle-class consumption lead growth is also likely to influence the overall economy positively, driving up the demand for 3-Wheelers and commercial vehicles.

Infrastructure development

India has made significant progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. The expansion and transformation of our core infrastructure is also a major driver of growth for the auto industry. While India's remarkable automotive growth has so far been driven by urban consumers, the government's vision for economic growth and development across all strata of the country will pave the way for launch of new products in this segment. The initiatives are expected to help the automotive industry develop new mobility solutions such as intelligent transportation systems, alternative fuel vehicles and smart and connected vehicles targeted at the 'smart cities' of the future.

Rural market

The automobile industry is yet to fully tap into the demand from rural areas. The Indian automobile industry seeks to double its sales on the back of this steady rural led growth over the next decade. It is also expected to grow off relatively untapped segments including demand from youth, women and aspiration for luxury cars.

Export advantage

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-February 2018, overall automobile exports increased by 15.81%.

Outlook

Going forward, improved consumer sentiment after the Seventh Pay Commission by the Centre as well as salary revisions by States are expected to boost demand. The government has also recently (in October 2017) approved one of the biggest highway construction projects in India – 'Bharatmala project', worth Rs. 7 lakh crores to build approximately 83,000 kms of roads

by 2022. This is expected to give a fillip to the commercial vehicles segment.

5. TRACTOR INDUSTRY

India has the largest tractor market in the world and hence one of the most important markets for all the leading Indian and global companies having tractor in its farm equipment portfolio, though, when one relates the dominant density of tractors in India to some of the leading economies, one would find it is way below the world average. Hence, there is huge potential for growth in tractor industry and given that agriculture has extensive weight in the overall economy, economic growth will not be possible without growth in agriculture.

The sector saw an impressive 22% growth and many OEMs (Original Equipment Manufacturers) also reported their best ever sales figure. The primary reasons for this growth are two consecutive years of normal monsoon, better crop production, easy availability of credit to farmers and increasing use of tractors in non-agricultural sectors.

Timely execution of Rs. 638 billion (Rs. 63,800 crores) support to the agricultural and allied sectors announced in the Union Budget 2018-19 will lead to a steady increase in demand for tractors and other farm equipments in the medium-term. Demand for tractors from non-agricultural sectors like construction and infrastructure, especially of higher tonnage, is also likely to grow.

Budget 2018-19: Tractor Industry key highlights

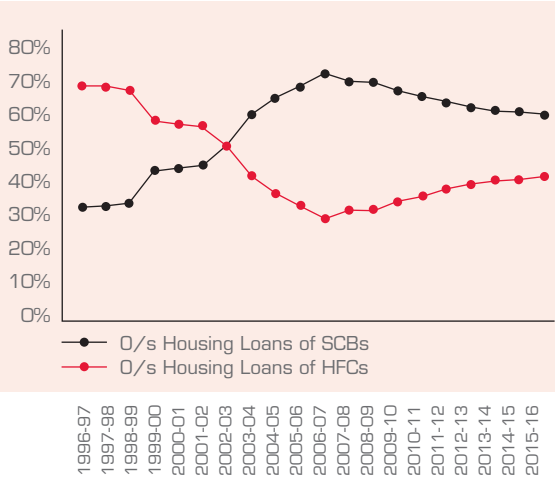
- Total allocation for rural, agricultural and allied sectors enhanced by 20.5% to Rs. 14.34 lakh crores.
- Institutional farm credit target increased by 10% to Rs. 11 lakh crores.
- Increase in minimum support prices for kharif and corpus allocated to strengthen agricultural markets.
- Allocation under MNREGA increased by 14.6% to Rs. 55,000 crores; allocation of Rs. 5,750 crores to the National Rural Livelihood Mission.
- Increase in allocation for Pradhan Mantri Fasal BimaYojana by 44% to Rs. 13,000 crores.
- Rural infrastructure development; allocation of Rs. 19,000 crores for Pradhan Mantri Gram Sadak Yojana and Rs. 33,000 crores to Pradhan Mantri Awas Yojana.
- Allocations of i) Rs. 1,400 crores for establishment of specialised agro-processing institutions ii) Rs. 500 crores under 'Operation Green' to promote farmer produce organisations, agri-logistics and processing facilities.
- Export of agri-commodities to be liberalised.

Outlook

Going forward, the tractor industry's 5-year CAGR from 2017-18 to 2021-22 is expected to be 8-10%. The Government's renewed push towards improving the rural economy through measures aimed at doubling farm income by 2022, increasing spend towards irrigation and improving crop productivity by distributing soil health cards, is expected to drive growth in the long-term. The Government has also announced measures such as the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring Centres. With increasing mechanisation on farm fields, this augurs well for structural tractor demand growth.

6. HOUSING FINANCE

Along with the growing population and urbanisation, there is also a rising demand for housing, and access to housing finance needs to keep pace with it. It is therefore important that all stakeholders, regulators, lenders, and other market participants actively undertake initiatives that continue to cater to these needs. While the housing finance market in India is served by both banks and Housing Finance Companies (HFCs), the graph below shows that the market share of HFCs has been growing and HFCs will continue to have a larger share going forward.



Source: RBI and NHB

Key policy announcements

Pradhan Mantri Awas Yojana (PMAY)

Launched by Prime Minister Narendra Modi, the Pradhan Mantri Awas Yojana, a credit linked subsidy scheme, is for the economically weaker sections, low-income groups and middle-income group-I and group-II. Through this scheme, the beneficiary is eligible to avail interest subsidy on the purchase or construction of a house. The scheme is also available for the enhancement of a dwelling unit. Owing to PMAY subsidy scheme and tax benefits, the middle-income affordable housing space is seeing good traction. The operational aspects of the scheme have also smoothened out. People can now receive subsidies within 30 days of submission of claims.

GST and RERA

GST and Real Estate Regulation and Development Act (RERA) brought structural changes in the housing sector in 2017-18, which was positive as the sector becomes formalised. Implementation of GST made housing affordable and RERA offers to bring fair practices that would protect the interests of investors. Besides, RERA looks forward to addressing issues like pricing, the quality of construction, and other changes that will protect homebuyers from unethical players.

Budget 2018-19: Housing Finance key highlights

- Allocation for Pradhan Mantri Awas Yojana (PMAY) at Rs. 27,414 crores for 2018-19 as compared to Rs. 28,951 crores last year.
- Under the Pradhan Mantri Awas Yojana (Gramin), 51 lakh houses to be constructed in 2018-19 in urban areas; assistance has been sanctioned for construction of 37 lakh houses.
- Affordable Housing Fund (AHF) to be set up in the National Housing Bank, funded from priority-sector lending shortfall and fully serviced bonds authorised by the Government.

Growth Drivers

Economic growth

The Indian economy is expected to be the fastest growing economy for the next few decades. The growth will be determined by infrastructure investment and the rising manufacturing sector. The performance of the Indian economy is seen to be amongst the most stable, facilitated by the moderation in inflation, government's fiscal consolidation measures and expenditure incurred towards building infrastructure and other sectors.

Housing shortage

According to business management consultant RNCOS, the shortage of urban housing across the country is expected to increase to an estimated 3.41 crores units by 2022. This is mainly driven by increasing demand supply gap and rising income level of working population in Tier I and Tier II cities. Furthermore, according to the report of Working Group on Rural Housing for Twelfth Five Year Plan, Ministry of Rural Development (MoRD), 2011 there was expected to be a shortage of around 3.93 crores units between 2012-17 in rural areas.

Outlook

With the growth in demand, the housing finance industry offers tremendous scope for growth. We are among very few housing finance companies with a dominant focus on rural housing. We have also been actively exploring opportunities in the affordable housing space to grow and diversify our customer base and tap onto the emerging opportunities in the sector. In both the rural and affordable housing verticals, we have customised loan products and processes keeping in mind the needs of our customers. We are focused on leveraging digital technologies, data analytics and partnerships to further enhance the customer experience and improve business performance.

7. INFRASTRUCTURE AND REAL ESTATE

Real estate is one of the most dynamic sectors. It is the second largest employer in India after agriculture. The year 2017 has set an unexpected benchmark for the real estate sector of India. In the first quarter of 2017, due to the demonetisation in 2016, the real estate sector also was affected along with other sector, with land sales reaching a point of sluggishness. By the time the markets were ready to recover, GST and RERA were implemented which added pressure on buyers and sellers alike. In anticipation of the final RERA notifications, buyers held back purchases.

Regulatory reforms

The regulatory reforms implemented through frameworks defined under the RERA and GST, to an extent, have led the sector in a certain direction. It is mandatory for all real estate projects to follow the provisions of RERA, which attempts to make sure that projects are delivered on-time and the money paid by buyers for certain projects is not squandered on other purposes. It will be impossible for fly-by-night operators to be in the market and only the most committed players will be able to navigate the roadmap. This will benefit both buyers and sellers in the long term.

GST will have sizable impact on real estate sector. It is expected to bring in transparency and simplicity. While the prices of residential real estate may not come down in the short term, GST will certainly help in improving the perception of the sector on the back of a simplified tax structure and accountability being fixed at every stage.

The affordable housing initiative is aimed at homes with a value of approximately Rs. 20 lakhs. Homes in this range are typically located on the outskirts of metros and Tier-1 cities. They are aimed at first-time homebuyers in the middle-to-lower-income category. The government has also rolled out various incentives to boost affordable housing. To begin with, the Government designated this vital sector as a favoured segment under its 'Housing for All by 2022' initiative.

Budget 2018-19: Infrastructure - key highlights

- Capital outlay towards the infrastructure sector up to Rs. 5.97 lakh crores in 2018-19 (up 20.8% over 2018), with major increase for segments like Railways, Telecommunication and Affordable Housing.
- Railway and Road sectors continue to be the focus areas, contributing to over 45% of the total infrastructure capital outlay. Capital outlay for Railways to increase by 22.1% while that of Roads by 10.2%.
- Outlay for Housing and Urban Development increased substantially by 57% with the increased amount coming from higher expenditure under the Pradhan Mantri Awas Yojana (Urban).
- Allocation for the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) increased by 27.5% to Rs. 9,429 crores. Under this, Rs. 6,000 crores is to be spent on 48 irrigation projects under the Accelerated Irrigation Benefits Programme (AIBP) and command area development.
- The Government, along with the regulators, to promote investments in bonds with credit rating of A and above from the current rating threshold of AA and above.

Outlook

Going ahead, the standpoint for the residential sector in 2018 is extremely ideal. Supply is picking up in the affordable housing segment, which is also where most of the demand is coming from. As the economy ascends, development from rural to urban will accelerate. Thus, there will be a significantly increased demand for houses. Surge is expected in this segment especially after the announcement of PMAY.

8. MUTUAL FUND INDUSTRY

Average Assets Under Management (AAUM) of Indian Mutual Fund Industry as at March 2018 stood at Rs. 22.71 lakh crores.

Assets Under Management (AUM) as at 31st March, 2018, stood at Rs. 21.36 lakh crores.

The AUM of the Indian MF Industry has grown from Rs. 5.05 lakh crores as on 31st March, 2008, to Rs. 21.36 lakh crores as on 31st March, 2018, more than four- fold increase in a span of 10 years and from Rs. 7.01 lakh crores as on 31st March, 2013, to Rs. 21.36 lakh crores as on 31st March, 2018, more than three- fold increase in a span of 5 years.

The Industry's AUM had crossed the milestone of Rs. 10 lakh crores for the first time in May 2014 and in a short span of about three years, the AUM size had increased more than two folds and crossed Rs. 20 lakh crores for the first time in August 2017. The Industry AUM stood at Rs. 21.36 lakh crores as on 31st March, 2018.

The total number of accounts as on 31st March, 2018, has crossed the milestone of 7 crores and stood at 7.13 crores (71.3 million), while the number of folios under Equity, ELSS and Balanced schemes, wherein the maximum investment is from retail segment, stood at 5.94 crores (59.4 million).

Source: Association of Mutual Funds in India (AMFI)

Rs. 22.71 lakh crores

AUM OF MUTUAL FUNDS IN INDIA, AS ON 31ST MARCH, 2018

Outlook

The outlook for the market seems optimistic with portfolio managers remaining positive about their prospects in 2018. The Indian equity markets are expected to perform well backed by positive economic outlook, the Government's continuous focus on structural reforms through the announcement of the re-capitalisation plan for PSU banks and the thrust on infrastructure-related capital expenditure outlays. Any increase in volatility in equity markets due to rising global yields/ increase in trade wars may provide an opportunity to invest in Indian equity markets with long - term perspective.

9. BUSINESS REVIEW

During the year, the Company gained market share in financing on higher growth and penetration of products in rural areas. The asset quality also improved on the back of higher recoveries and lower fresh delinquencies as government spending and infrastructure activity got a boost. The rural market saw marked development in environment and saw optimistic change due to improvement in cash flows from farm produce.

The Company provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly, and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast loan appraisal and disbursements make the Company the preferred choice for customers. An established reach and network helps the Company to cater to the remotest of geographies in India.

A STRONG BUSINESS MODEL AND AN INSIGHT INTO THE NEEDS OF ITS CUSTOMERS GIVE THE COMPANY A COMPETITIVE EDGE

The Company has significant business presence in semi-urban and rural areas.

Focus on customer is one of the key factors that has driven the Company's policies. A strong business model and an insight into the needs of its customers give the Company a competitive edge. Better risk management has also contributed the Company achieving commendable growth. The technology deployment has resulted in superior sales productivity, better market coverage, improved channelisation, and customer experience.

Credit Ratings

The credit rating details of the Company as on 31st March, 2018 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme	'IND 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.
	Long-term Debt Instruments and Subordinated Debt Programme	'IND AAA/Stable'	
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt Instruments and Subordinated Debt Programme	'CARE AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	'BWR AAA/Stable'	
CRISIL Limited	Fixed Deposit Programme	'CRISIL FAAA/Stable'	
	Long-term Debt Instruments, Subordinated Debt Programme 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 2017-18. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

Asset Quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. Gross NPAs as at 31st March, 2018, stood at 7.4% as against 7.7% of the outstanding loans during the previous year. The Company has complied with the prudential guidelines issued by the RBI in respect of Income Recognition and Provision for Non-Performing Assets (NPAs).

10. OPERATIONAL REVIEW

The key operational highlights of 2017-18 are:

- Total income increased to Rs. 7,206 crores in 2017-18 from Rs. 6,238 crores in 2016-17, an increase of 16%.
- Assets Under Management (AUM) raised to Rs. 55,101crores from Rs. 46,776 crores in 2016-17, an increase of 18%.
- Increased number of offices to 1,284 as on 31st March, 2018, from 1,182 offices as on 31st March, 2017.
- Customer base crossed 5.3 million customers.
- Increased employee base to 18,733 as on 31st March, 2018, as against 17,856 as on 31st March, 2017.
- Opened more branches at the village level to remain close to customers, to understand their cash flows and approach the customer for recovery when he has the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.

11. FINANCIAL REVIEW

The following table presents Company's standalone abridged financials for the financial year 2017-18, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from operations	7,147.10	6,173.91
Other income	59.02	63.62
Total revenue	7,206.12	6,237.53
Expenses:		
Employee benefits expense	851.76	680.90
Finance costs	3,000.40	2,857.42
Depreciation and amortisation expense	44.19	46.02
Loan provisions and write offs	1,226.59	1,309.13
Other expenses	775.41	724.00
Total expenses	5,898.35	5,617.47
Profit before exceptional items and taxes	1,307.77	620.06
Exceptional items (net) - income / (expense)	64.97	-
Profit before tax	1,372.74	620.06
Tax expense	480.86	219.83
Profit for the year	891.88	400.23

Key Ratios

Key Indicators	2017-18	2016-17
PBT/Total Income	19.9%	9.9%
PBT/Total Assets	2.6%	1.4%
RONW (Avg. Net Worth)	12.4%	6.4%
Debt/ Equity	4.25:1	5.37:1
Capital Adequacy	21.9%	17.2%
Tier I Capital	16.0%	12.8%
Tier II Capital	5.9%	4.4%
Book Value (Rs.) (excluding ESOPs)	151.0	114.2
NIM (Gross Spread)	8.7%	8.2%

- Total Income of the Company during 2017-18 increased by 16% over previous year while expenses were contained at 5% leading to a 111% rise in operating profit from Rs. 620.06 crores in 2016-17 to Rs. 1307.77 crores in 2017-18.
- PAT for the year, at Rs. 891.88 crores, clocked a Y-o-Y growth of 123% and PBT for the same period grew by 121% to Rs. 1,372.75 crores.
- NIM (Gross Spread) for the year stood at 8.7% compared to 8.2% in 2016-17, an increase of 50 bps.
- Pre-tax returns on average assets for the year stood at 2.8% whereas post-tax returns stood at 1.9%.
- RoE for the year under review stood at 12.4% against 6.4% in 2016-17. RoA for the year under review improved to 1.9% from 1.0% for the previous year.
- The Company's cost-to-income ratio for the year under review improved to 39.7% compared to 42.9% in 2016-17.

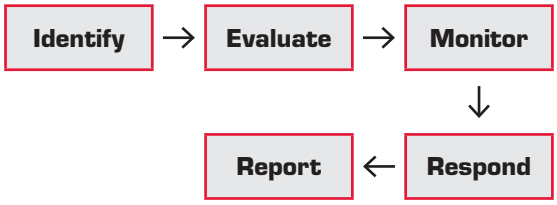
12. RISK MANAGEMENT

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team, headed by our Executive Director & Chief Financial Officer that identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk, business risk, regulatory risk and human capital risk. Our Board has also adopted an Interest Rate Risk Management policy.

Risk Management Process

The risk management system includes the following key elements:

- A strategy that is driven by objectives and principles.
- Assignment of responsibilities.
- A framework and reporting cycle to identify, assess, manage, monitor and report the risks that the Company is or may be exposed to.
- A combination of 'top down' and 'bottom up' risk assessment and management process.
- A risk monitoring plan that outlines the review, challenge and oversight activities.
- Reporting procedures which ensure risk information is actively monitored, managed and appropriately communicated at all levels within the Company.
- Embedding a strong risk management culture across all levels of the Company.



The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators. The key risks are: -

Credit Risk

Credit risk is the risk of loss that may occur from the default by the Company's customers under its loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

Interest Rate Risk

The Company is subject to interest rate risk, principally because it lends to customers at fixed interest rates and for periods that may differ from its funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. From time to time the Company enters into interest rate swaps to help manage the risks it may incur from being exposed to liabilities at floating rates.

The Company maintains an Asset Liability Management Policy and Procedures ("ALM Policy"), which has been approved and adopted by the Asset Liability Committee of the Board. Assets and liabilities are categorised into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate

operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. The Company attempts to minimise this risk through a mix of strategies, including assignment of receivables and short-term funding. The Company also monitors liquidity risk through the Asset Liability Committee of the Board and its Operating Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through the ALM Policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

The Company manages short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks.

Cash Management Risk

Our offices collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

Asset risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

KEEPING IN WITH TRENDS AND PRACTICES IN THE MARKET, WE HAVE DEVELOPED TAILOR-MADE PRODUCTS TO DEEPEN MARKET PENETRATION.

Business Risk

The Company, being an NBFC, is exposed to various external risks which have direct bearing on the sustainability and profitability of the Company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macro-economic conditions and change in sector attitude in various economic segments causes ups and down in the business, and results in loan asset impairment. We have a dedicated team to continuously judge the trends in the economy and various industrial sectors. With increasing competition in the financial markets, the business growth of the Company is now subject to its ability to face competition. Keeping in with trends and practices in the market, we have developed tailor-made products to deepen market penetration. Equipped with an enthusiastic sales force, range of products, continuous efforts to improve TAT, and customer friendly culture, the Company is efficiently withstanding competition.

Regulatory Risk

It is the risk of change in laws and regulations materially impacting the business. All the periodic guidelines issued by the RBI are fully adhered to and complied with by the Company. The Company strictly adheres to the Capital Adequacy, Fair Practices Code, the RBI Reporting, Asset Classification and Provisioning Norms, etc. with a zero-level tolerance on the non-compliance aspect.

Human Capital Risk

Our success depends on our ability to retain and attract qualified personnel. We have a policy of providing excellent working environment for employees across all sections for better work-life balance. The compensation paid by the Company is comparable with other companies of its class and size in the industry.

13. HUMAN RESOURCE

Your Company believes that people perform to the best of their capability in organisations to which they feel truly associated. Your Company focuses on widening organisational capabilities and improving organisational effectiveness by having a competent and engaged workforce. Our people are our partners in progress and employee empowerment has been critical in driving our organisation's growth to the next level.

OUR PEOPLE ARE OUR PARTNERS IN PROGRESS AND EMPLOYEE EMPOWERMENT HAS BEEN CRITICAL IN DRIVING OUR ORGANISATION'S GROWTH TO THE NEXT LEVEL.

Each of the Company's business vertical has an explicit performance management model that helps in aligning individual performance with that of the business. Talent Management and Development in that scenario plays a pivotal role to attract and build people capability for their growth and through them for the growth of the organisation. The Company also identifies and adopts best industry practices related to Health, Safety, Security and Environment which outlines the core of its business and ensures in developing a culture where its employees drive them. The Company's HR practices have been certified at People Capability Maturity Model (PCMM) level 5 Maturity Model by the CMMI Institute, which certifies that the Company strives towards continuous improvement in its HR practices.

14. INFORMATION TECHNOLOGY

This year, the organisation has begun a transformation of the technology landscape. Technology has been enabled to support easier implementation of partnerships for business generation and collections, operational efficiencies, and compliance with statutes. Core business solutions for cross-selling of loan products, collections, SME finance, and Dealer Trade Advance have been implemented. Critical solutions of HRMS and GST compliance have gone on-stream. Enterprise platforms such as business process management, business intelligence and enterprise service bus have been implemented. Information security measures have been fortified through implementation of IPv6, web proxy, network access control and Artificial Intelligence based network traffic analysis tool. To supplement the internal capabilities, your Company has also entered into IT services sourcing arrangements with some of the global leaders of ITES. Digital solutions of customer mobile app, payments and KYC have been rolled-out/enhanced. Various engagements for tapping into nascent technologies, and the fintech ecosystem have been undertaken.

15. 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 which 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.

16. 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 is committed to transparency in all its dealings and places high emphasis on business ethics, integrity and diversity to generate long-term value for its stakeholders and retain 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. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholders and societal expectations.

Your Company has an active, experienced and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

Your Company was amongst the top 10 companies with a high Corporate Governance score in a study jointly conducted by International Finance Corporation (IFC), BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS), during the year under review.

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 of nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including one Woman Independent 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, digitisation, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process.

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 as mentioned in section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

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. None of the Directors of your Company are *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 seven times during the year under review on 25th April, 2017, 24th July, 2017, 6th October, 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 16th March, 2018. The requisite quorum was present for all the Meetings.

The Board met atleast 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 stipulated in 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, 2018, the Company's Board comprised of 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 24th July, 2017, 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, 2018

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	7	7	Yes	8	5	2
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	00220759	7	7	Yes	6	3	0
Mr. Manohar G. Bhide	Independent	00001826	7	7	Yes	4	2	1
Mr. Piyush Mankad	Independent	00005001	7	7	Yes	3	2	1
Mr. C. B. Bhave	Independent	00059856	7	6*	Yes	2	0	2
Ms. Rama Bijapurkar	Independent	00001835	7	5	Yes	4	2	2
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	00125299	7	7	Yes	7	6	1
Mr. V. Ravi (Executive Director & Chief Financial Officer)	Executive	00307328	7	7	Yes	4	4	0
Dr. Anish Shah	Non-Executive Non-Independent	02719429	7	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.

* Participated in one Meeting through video-conference facility.

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 in an informal manner 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 by the Independent Directors.

BOARD PROCEDURE

The Company sends a detailed agenda folder to each Director at least seven days before the date of the Board and Committee Meetings. All the agenda items are backed by necessary supporting information, documents and presentations, if any, 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. The Directors are also provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

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 presented at the Board Meeting(s).

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 venture 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.

The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

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 holding an off-site Board Meeting, detailed presentations on long term vision and Strategy of the Company, its business model and operations, digitisation and analytics, review of Strategic Investments of the Company, Industry outlook at the Board Meetings, Strategy/ Performance of subsidiary companies, 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, interactions with multiple levels of leaderships in the Company, both formally and informally through networking sessions.

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_2017_18.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 choose 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.

Pursuant to the approval granted by the Members of the Company at the Twenty-fifth Annual General Meeting held on 24th July, 2015, the eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company for each financial year, as computed in the manner laid down in section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

A commission of Rs.102 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2018 as follows:

Table 2

Name of the Directors	Commission for the year ended 31st March, 2018, provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)
Mr. Dhananjay Mungale	26
Mr. Manohar G. Bhide	19
Mr. Piyush Mankad	19
Mr. C. B. Bhave	19
Ms. Rama Bijapurkar	19
Total	**102**

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 and IT Strategy Committee, respectively.

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 2017-18 is set forth in Table 3.

Table 3: Details of Remuneration paid to Directors for the Financial Year 2017-18

Name of the Director	(Rs. in lakhs)						Employees Stock Option Scheme 2010+ (ESOS-2010)		
	Sitting Fees (excluding GST)	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2017 paid during the year under review	Total	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.	344.09	144.24@	22.32	97.65	608.30	2,00,140	1,62,173	10,812
Mr. V. Ravi**	N.A.	158.17	53.82@@	6.85	45.68	264.52	77,815	61,319	NIL
Non-Executive Directors									
Mr. Dhananjay Mungale	9.50	N.A.	N.A.	N.A.	24.00	33.50	NIL	NIL	NIL
Mr. M. G. Bhide	10.70	N.A.	N.A.	N.A.	17.00	27.70	NIL	NIL	NIL
Mr. Piyush Mankad	9.60	N.A.	N.A.	N.A.	17.00	26.60	NIL	NIL	NIL
Ms. Rama Bijapurkar	6.30	N.A.	N.A.	N.A.	17.00	23.30	NIL	NIL	NIL
Mr. C. B. Bhave	8.60	N.A.	N.A.	N.A.	17.00	25.60	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. 142.98 lakhs being perquisite value of ESOPs of the Company exercised during the year.

@@ This includes Rs. 50.69 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, 20% of the options have vested on 21st October, 2015, 21st October, 2016, and 21st October, 2017 on expiry of 12 months, 24 months and 36 months respectively, from the grant date, and the balance number of options would vest in two equal tranches of 20% each on 21st October, 2018 and 21st October, 2019 on expiry of 48 months and 60 months, respectively, from the date of grant.

Grant-6: The Stock Options have been granted on 21st October, 2015. Of this, 20% of the options have vested on 21st October, 2016 and 21st October, 2017 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, 2018, 21st October, 2019 and 21st October, 2020 on expiry of 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.

During 2017-18, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 4 gives details of the shares held by the Non-Executive Directors as on 31st March, 2018.

Table 4: 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 jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2018.

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 eight Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, Committee for Strategic Investments and IT Strategy Committee. 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, 2018, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises of 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, Chairman of the Audit Committee was present at the 27th Annual General Meeting of the Company held on 24th July, 2017.

The Audit Committee met seven times during the year on 25th April, 2017, 24th July, 2017, 11th August 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 15th February, 2018. 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 5.

Table 5: 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	6
Mr. Piyush Mankad	7	7
Ms. Rama Bijapurkar	7	5
Mr. V. S. Parthasarathy	7	6
Dr. Anish Shah	7	6

* Participated in one Meeting by video conference facility.

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 Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Functional Heads, etc., set out performance parameters for Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, 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 also 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 behavior and judgment.

The Chairman of the Committee is an Independent Director. As on 31st March, 2018, the Committee comprised five members viz. Mr. Piyush Mankad (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. C. B. Bhave, all Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

During the year under review, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company was inducted as a Member of the Committee with effect from 24th July, 2017.

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 27th Annual General Meeting of the Company held on 24th July, 2017.

The Committee met four times during the year under review on 25th April, 2017, 24th July, 2017, 25th October, 2017 and 24th January, 2018. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. M. G. Bhide	4	4
Mr. Dhananjay Mungale	4	4
Mr. C. B. Bhave	4	4
Mr. V. S. Parthasarathy*	4	2

* Inducted as a Member with effect from 24th July, 2017 Two Meetings were held during his tenure.

c) Stakeholders Relationship Committee

As on 31st March, 2018, 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. Pardiwalla, 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, issue of new Share Certificates for transfer to the Investor Education and Protection Fund as per the provisions of the Act and Rules framed thereunder, 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 27th Annual General Meeting of the Company held on 24th July, 2017.

The Committee met twice during the year on 25th April, 2017 and 25th October, 2017. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 7.

Table 7: 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 from Shareholders and attended to by the Company during the year 2017-18 are given in Table 8.

Table 8: Complaints/Letters received and attended to during the Financial Year 2017-18

Nature of Complaints/Letters	Pending as on 1st April, 2017	Received during the year	Answered during the year	Pending as on 31st March, 2018
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	23	23	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	146	146	0
5. SEBI/ Stock Exchange Complaints	0	3*	3*	0
6. Requests for Annual Report	0	31	31	0
Total	**0**	**203**	**203**	**0**

* Same complaint was received twice from a shareholder.

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**.

As on 31st March, 2018, 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 three meetings during the year under review. The Committee met on 25th April, 2017, 11th August, 2017 and 23rd January, 2018. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi	3	3
Dr. Anish Shah	3	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, 2018, 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 25th April, 2017 and 25th October, 2017. The attendance details at Meetings of the Committee are given in Table 10.

Table 10: 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.

As of 31st March, 2018, the Risk Management Committee comprised of 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 25th April, 2017, 24th July, 2017, 25th October, 2017 and 24th January, 2018.

The attendance details at Meetings of the Committee are given in Table 11.

Table 11: 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	4	4
Ms. Rama Bijapurkar	4	4
Mr. V. S. Parthasarathy	4	4

g) Committee for Strategic Investments

The Committee for Strategic Investments 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.

As of 31st March, 2018, 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 once during the year on 31st May, 2017, which was attended by all its Members.

h) IT Strategy Committee

In compliance with Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS.PPD.No.04/66.15.001/2016-17 dated 8th June, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector, the Company has during the year under review constituted an IT Strategy Committee, comprising of Mr. C. B. Bhave, Independent Director (Chairman of the Committee), Mr. Ramesh Iyer, Vice - Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Mr. Gururaj Rao, Chief Information Officer of the Company.

The scope of the Committee inter-alia includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance.

The Committee met twice during the year on 29th September, 2017 and 23rd January, 2018. The attendance details at Meetings of the Committee are given in Table 12.

Table 12: Attendance record of IT Strategy Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2
Mr. Gururaj Rao	2	2

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 2017-18, 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 45 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, which specify the manner of entering into Related Party Transactions. 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 for its designated employees, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company has formulated 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 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 thereunder is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimization 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 Whistle Blower Policy has been hosted on the Company's website at the web-link: **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 13.

Table 13

Name of Director	Dr. Anish Shah
Date of Birth	26th December, 1969
Date of first appointment on the Board	18th March, 2016
Expertise in specific functional areas	Strategy Development and Implementation, Building Capabilities such as Digitisation and Analytics
Qualifications	He holds a PhD from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of corporate governance.
	He has also received a Master's degree from Carnegie Mellon, and post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad.

Name of Director	Dr. Anish Shah
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Mahindra Trucks and Buses Limited Mahindra Lifespace Developers Limited Mahindra École Centrale Indian National Committee – United World College Orizonte Business Solutions Limited Confederation of Indian Industry (Western Region) PF Holdings B.V. Mahindra Vehicle Sales and Services Inc.
Membership of Committees in Public Limited Companies	
Audit Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Mahindra Lifespace Developers Limited
Nomination and Remuneration Committee	◊ Mahindra Lifespace Developers Limited
Corporate Social Responsibility Committee	◊ Mahindra & Mahindra Financial Services Limited
Committee for Strategic Investments	◊ Mahindra & Mahindra Financial Services Limited
Loans & Investment Committee	◊ Mahindra Lifespace Developers Limited
Rights Issue Committee	◊ Mahindra Lifespace Developers Limited
Shareholding of the Director in the Company	NIL

Dr. Anish Shah is the Group President (Strategy) for the Mahindra Group. His key focus areas are strategy development and implementation, building capabilities such as digitisation and analytics, driving international growth especially in the US and Africa. The Group Strategy office also leads Risk Management and Performance Review, plus enables synergies across Group companies.

Prior to joining Mahindra & Mahindra in 2014, Dr. Anish Shah was President and CEO of GE Capital India, where he led the transformation of the business, including a turnaround of its SBI Card joint venture. His career at GE spanned 14 years. As Director, Global Mortgage, he worked across more than thirty countries to drive growth and manage risk, and as Senior Vice-President (Marketing and Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. Dr. Anish Shah also received GE's prestigious Lewis Latimer Award for outstanding utilization of Six Sigma in developing a "Digital Cockpit". Before GE, Dr. Anish Shah worked at Bank of America, Bain & Company, and Citibank.

Dr. Shah holds a PhD from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of corporate governance. He also received a Master's degree from Carnegie Mellon, and a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad.

Dr. Anish Shah is not related to any of the Directors or Key Managerial Personnel of the Company.

MEANS OF COMMUNICATION

- The Company, from time to time and as may be required, interacts with its shareholders, debenture holders 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, reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures, unclaimed Fixed Deposits and/or interest due thereon 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 Company also publishes certain key Notices in Business Standard, Sakal, Free Press Journal and Navshakti.
- 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 (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 14: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
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.
2016 – 2017	24th July, 2017	3.30 p.m.	None.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.

Details of Extraordinary General Meeting held during the Financial Year

For the Financial Year	Date	Time	Resolutions passed	Venue
2017-18	29th November, 2017	10.30 a.m.	Special Resolution for further Issue of Securities through Qualified Institutions Placement. Ordinary Resolution for approval of Related Party Transaction. Special Resolution for Preferential Allotment of Equity Shares to Mahindra & Mahindra Limited.	Textiles Committee Auditorium, Government of India, Ministry of Textiles, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

POSTAL BALLOT

Details of Resolutions passed through Postal Ballot during the Financial Year 2017-18

During the year, three resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, or failing him, Ms. Malati Kumar of M/s. S. N. Ananthasubramanian & Co., Company Secretaries, was appointed as the Scrutinizer for overseeing the Postal Ballot voting process.

The details are as follows:

Date of Postal Ballot Notice	:	9th May, 2017
Voting period	:	17th May, 2017 to 15th June, 2017
Date of approval	:	15th June, 2017
Date of Declaration of Results	:	17th June, 2017

1) Special Resolution for 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.

Promoter/ Public	No. of shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes in favour (4)	No. of votes – against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	16,75,20,690	30,25,556	98.23	1.77
Public–Non-Institutions**	3,33,38,074	42,98,484	12.89	42,97,697	787	99.98	0.02
Total	**56,87,64,960**	**46,60,52,390**	**81.94**	**46,30,26,047**	**30,26,343**	**99.35**	**0.65**

**Valid votes abstained from voting = 21,77,289

2) Special Resolution for 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.

Promoter/ Public	No. of shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes in favour (4)	No. of votes – against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	16,75,20,690	30,25,556	98.23	1.77
Public–Non-Institutions**	3,33,38,074	42,97,899	12.89	42,96,987	912	99.98	0.02
Total	**56,87,64,960**	**46,60,51,805**	**81.94**	**46,30,25,337**	**30,26,468**	**99.35**	**0.65**

**Valid votes abstained from voting =21,77,874

3) Special Resolution for Place of keeping Registers and Index of Members, Debenture holders and copies of Annual Returns, pursuant to the provisions of section 94 of the Act.

Promoter/ Public	No. of shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes in favour (4)	No. of votes – against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	17,05,46,246	0	100.00	0
Public–Non-Institutions**	3,33,38,074	42,97,899	12.89	42,97,311	588	99.99	0.01
Total	**56,87,64,960**	**46,60,51,805**	**81.94**	**46,60,51,217**	**588**	**100.00**	**0.00**

**Valid votes abstained from voting = 21,77,874

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 scrutinizer 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 Scrutinizer submits his Report to the Chairman or any other person of the Company authorised by the Chairman, 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 Scrutinizer 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. 60,000 Crores to Rs. 70,000 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. 40,000 Crores, on a Private Placement basis.

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

28th Annual General Meeting

Date : 27th July, 2018

Time : 3.30 p.m.

Venue : Rama Watumull Auditorium,
Kishinchand Chellaram College,
Dinshaw Wachha Road, Churchgate,
Mumbai – 400 020.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June, 2018 - End July, 2018
- Half-year ending 30th September, 2018 – End October, 2018
- Quarter ending 31st December, 2018 – End January, 2019
- Year ending 31st March, 2019 - End April, 2019

Note: The above dates are indicative.

Book Closure

Book Closure for dividend will be from Saturday, 21st July, 2018 to Friday, 27th July, 2018, inclusive of both days.

Dividend Payment

A dividend of Rs. 4 per Equity Share of Rs. 2 each, will be paid/dispatched after 27th July, 2018 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:	BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, 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 issuances 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:

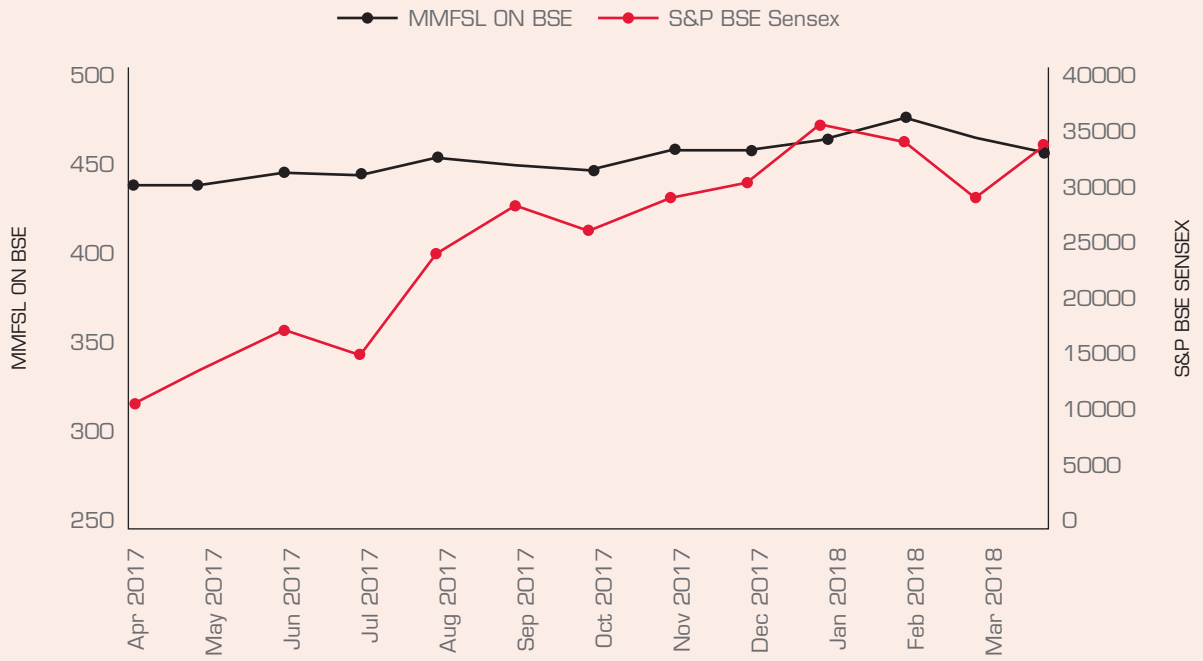
Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

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 2017 - 18 at BSE and NSE

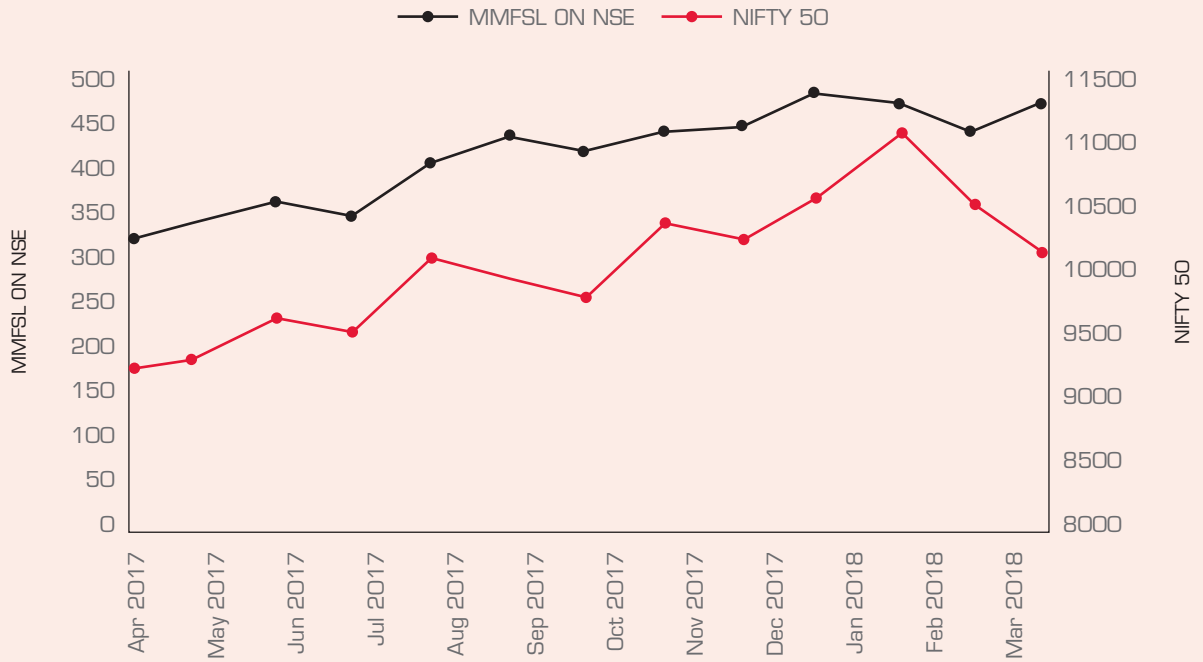
Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2017	352.10	315.90	352.10	315.60
May 2017	360.80	290.30	360.85	289.95
June 2017	392.30	321.80	392.80	321.65
July 2017	410.50	342.00	410.50	341.65
August 2017	434.85	386.00	435.35	385.90
September 2017	455.80	386.25	455.55	386.10
October 2017	442.00	395.00	439.00	394.15
November 2017	454.40	409.75	454.00	409.75
December 2017	488.90	429.00	488.80	428.15
January 2018	523.80	448.50	512.00	448.25
February 2018	477.95	400.00	478.45	401.00
March 2018	470.00	408.00	468.35	407.65

Chart A
MMFSL's share performance versus S&P BSE Sensex



Closing Price on Last Trading day of the Month

Chart B
MMFSL's share performance versus Nifty 50



Closing Price on Last Trading day of the Month

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, 2018.

Table 3: Shareholding pattern by size as on 31st March, 2018

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	48,663	56,31,818	0.91
501-1000	1,795	13,51,060	0.22
1001-5000	1,499	32,96,332	0.53
5001-10000	234	16,96,871	0.28
10001-20000	160	22,96,823	0.37
20001 and above	583	60,34,92,056	97.69
Total	**52,934**	**61,77,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2018

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	31,62,07,660	51.19
Non-Promoter Non-Public (shares held by ESOP Trust)	32,87,993	0.53
Mutual Funds	6,88,79,164	11.15
FIIs	18,17,15,440	29.42
Bodies Corporate	2,17,65,578	3.52
Indian Public/HUF	1,99,87,822	3.24
NRIs	6,36,857	0.10
Trusts	15,43,772	0.25
Indian Financial Institutions/Banks	14,48,368	0.23
Venture Capital Funds	6,82,743	0.11
Clearing Members	10,79,121	0.18
Alternative Investment Fund	4,65,000	0.08
Investor Education and Protection Fund Authority	65,442	0.01
Total	**61,77,64,960**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31st March, 2018, 99.88 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE and NSE.

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 – 25 shareholders representing 4,625 Equity Shares of Rs. 2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – Nil*.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year –Nil*.

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 15 shareholders representing 2,700 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.

Note:

* During the Financial Year, the Company has transferred 10 cases representing 1,925 Equity Shares to the IEPF Authority as per section 124(5) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March, 2018, 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 pre-determined rate of exchange 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, 2018 are disclosed in Note Number 38 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 23001153
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 through recognised Stock Exchanges 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. Pardiwalla, Company Secretary & Compliance 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.

SEBI has decided that securities of listed companies can be transferred only in dematerialised form, from a cut-off date, to be notified.

Secretarial Audit / Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2017-18. 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 Non-Convertible Debentures of the Company. Complaints or queries/requests relating to Public Issuances of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: einward.ris@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.

Debentureholders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

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, 2018.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place: Mumbai
Date : 25th April, 2018

ANNEXURE A

CEO/CFO Certificate

To,

The Board of Directors
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, 2018 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, 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members of
Mahindra & Mahindra Financial Services Limited

1. This report contains details of compliance of conditions of corporate governance by Mahindra & Mahindra Financial Services Limited (the 'Company') for the year ended 31 March 2018, as specified in Regulations 17 to 27, clause (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 (the 'Listing Regulations') pursuant to the Listing Agreement of the Company with the stock exchanges.

Management's responsibility

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's responsibility

3. 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.

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.

5. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued 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.

6. 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

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

Restrictions of use

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai, 25 April 2018

Standalone Financial Statements



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Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Mahindra & Mahindra Financial Services Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement 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

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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on 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 thereunder.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

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 31 March 2018, and its profits and its cash flows for the year ended on that date.

OTHER MATTER

The financial statements of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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;

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 46 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts - Refer Note 44 to the standalone financial statements; and

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 disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited standalone financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Annexure A to the Independent Auditor's Report - 31 March 2018

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

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, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(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 Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the provisions of section 185 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, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except delays noted in depositing the labour welfare fund. Labour welfare fund amounting to Rs. 1.62 lakhs had remained outstanding as at 31 March 2018 for a period of more than six months from the date it became payable, which has been paid subsequent to 31 March 2018.

(b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

Name of the 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	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	59.33	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax	698.98	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	523.28	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	781.29	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	72.82	2007-08	Commissioner of Income Tax (Appeals)
Andhra Pradesh Value Added Tax Act	Value Added Tax	123.57	April 2008 to October 2013	Andhra Pradesh High Court
Maharashtra Value Added Tax Act	Value Added Tax	87.32	2010-11	Maharashtra Sales Tax Tribunal
Madhya Pradesh Value Added Tax Act	Value Added Tax	0.56	2013-14	Appellate Authority of Commercial Taxes
Madhya Pradesh Value Added Tax Act	Value Added Tax	1.50	2014-15	Appellate Authority of Commercial Taxes
Finance Act, 1994	Services Tax	3,404.77	2008-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.

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 130 cases aggregating Rs. 170.63 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 management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the preferential allotment and private placement of equity shares during the year. According to the information and explanations given by management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Annexure B to the Independent Auditor's Report - 31 March 2018

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 31 March 2018 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention 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 31 March 2018, 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 issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Balance Sheet

as at 31 March 2018

Rs. in lakhs

Particulars	Note no.	As at 31 March 2018	As at 31 March 2017
A. EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share capital	3	12,289.54	11,300.83
b) Reserves and surplus	4	9,18,019.18	6,36,423.59
		9,30,308.72	**6,47,724.42**
2) Non-current liabilities			
a) Long-term borrowings	5	23,81,608.15	21,41,240.07
b) Other long-term liabilities	6	54,083.09	42,740.10
c) Long-term provisions	7	73,043.41	54,890.35
		25,08,734.65	**22,38,870.52**
3) Current liabilities			
a) Short-term borrowings	8	6,08,489.86	5,79,021.57
b) Trade payables -	9		
(i) Due to micro and small enterprises		-	-
(ii) Due to other than micro and small enterprises		93,444.32	57,757.08
c) Other current liabilities	10	11,26,850.61	8,98,635.08
d) Short-term provisions	11	1,68,952.39	1,61,674.92
		19,97,737.18	**16,97,088.65**
Total Equity and Liabilities		**54,36,780.55**	**45,83,683.59**
B. ASSETS			
1) Non-current assets			
a) Fixed assets	12		
i) Property, Plant and Equipments		11,242.43	10,843.54
ii) Intangible assets		723.97	307.93
iii) Capital work-in-progress		-	49.09
iv) Intangible assets under development		-	-
b) Non-current investments	13	1,45,791.06	1,31,173.39
c) Deferred tax assets (net)	14	79,393.23	73,166.69
d) Long-term loans and advances	15	27,64,930.51	22,23,650.53
e) Other non-current assets	16	5,686.25	11,978.80
		30,07,767.45	**24,51,169.97**
2) Current assets			
a) Current investments	17	41,525.68	56,133.37
b) Trade receivables	18	742.86	582.70
c) Cash and bank balances	19	41,112.09	57,806.50
d) Short-term loans and advances	20	23,35,501.51	20,11,982.46
e) Other current assets	21	10,130.96	6,008.59
		24,29,013.10	**21,32,513.62**
Total		**54,36,780.55**	**45,83,683.59**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale	**Ramesh Iyer**	**M. G. Bhide**	**Piyush Mankad**	
Chairman	Vice-Chairman &	Director	Director	
[DIN: 00007563]	Managing Director	[DIN: 00001826]	[DIN: 00005001]	
	[DIN: 00220759]			
C.B. Bhave	**Rama Bijapurkar**	**V. S. Parthasarathy**	**Dr. Anish Shah**	
Director	Director	Director	Director	
[DIN: 00059856]	[DIN: 00001835]	[DIN: 00125299]	[DIN: 02719429]	
	V. Ravi	**Arnavaz Pardiwalla**		
	Executive Director &	Company Secretary		
	Chief Financial Officer			
	[DIN: 00307328]			

Place : Mumbai
Date : 25 April 2018

Statement of Profit and Loss

for year ended 31 March 2018

Rs. in lakhs

Particulars		Note no.	Year ended 31 March 2018	Year ended 31 March 2017
1	Revenue from operations	22	7,14,710.23	6,17,391.06
2	Other income	23	5,902.00	6,362.76
3	**Total Revenue (1+2)**		**7,20,612.23**	**6,23,753.82**
4	**Expenses:**			
	Employee benefits expense	24	85,176.48	68,089.71
	Finance costs	25	3,00,039.88	2,85,742.70
	Depreciation and amortization expense	26	4,419.21	4,602.14
	Loan provisions and write offs	27	1,22,659.47	1,30,912.67
	Other expenses	28	77,539.54	72,399.77
	Total Expenses		**5,89,834.58**	**5,61,746.99**
5	**Profit before exceptional items and taxes (3-4)**		1,30,777.65	62,006.83
6	Exceptional items (net income)	29	6,497.18	-
7	**Profit before tax (5+6)**		1,37,274.83	62,006.83
8	**Tax expense:**			
	Current tax		54,312.94	36,350.00
	Deferred tax		(6,226.54)	(14,366.66)
			48,086.40	**21,983.34**
9	**Profit for the year (7-8)**		**89,188.43**	**40,023.49**
10	Earnings per equity share (Rupees) :	31 (h)		
	(Face value - Rs.2/- per share)			
	(1) Basic		15.35	7.09
	(2) Diluted		15.33	7.04
	Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

Cash Flow Statement

for the year ended 31 March 2018

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before exceptional items and taxes		1,30,777.65	62,006.83
Add/(Less):			
Non-cash expenses			
Depreciation and amortisation expense		4,419.21	4,602.14
Provision for non-performing assets		13,697.64	44,233.45
Bad debts and write offs		1,05,763.10	84,500.16
Provision for standard assets		3,208.00	2,180.00
Higher provision & provision for diminution in the fair value of restructured advances		(9.27)	(0.94)
Employee compensation expense on account of ESOP Scheme		755.03	879.82
		1,27,833.71	**1,36,394.63**
Less:			
Income considered separately			
Income on investing activities		(7,516.92)	(6,686.96)
Profit on sale of assets		(51.28)	(15.24)
Profit on sale of current investments		(59.56)	(88.48)
Income from Assignment / Securitisation transactions		(14,199.95)	(11,936.72)
		(21,827.71)	**(18,727.40)**
Operating profit before working capital changes	I	**2,36,783.65**	**1,79,674.06**
Less: Working capital changes			
(Increase)/Decrease in interest accrued - others		(76.62)	2,740.80
Increase in Trade receivables		(160.16)	(71.46)
Increase in Loans and advances		(10,28,408.68)	(6,90,503.93)
		(10,28,645.46)	**(6,87,834.59)**
Add: Increase in current liabilities		**62,884.18**	**60,220.71**
	II	**(9,65,761.28)**	**(6,27,613.88)**
Cash used in operations	(I+II)	**(7,28,977.63)**	**(4,47,939.82)**
Advance taxes paid		**(55,099.29)**	**(42,750.27)**
Net Cash Used in Operating Activities (A)		**(7,84,076.92)**	**(4,90,690.09)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed Assets / software		(5,246.53)	(4,546.05)
Proceeds from sale of fixed assets		133.53	93.96
Purchase of investments Other than investments in Subsidiaries and Joint Venture		(6,66,982.93)	(5,36,755.05)
Investments in Subsidiary Companies		(15,900.00)	(14,455.00)
Investments in Joint Venture Company		(1,662.44)	(3,111.84)
Maturity proceeds from term deposits with banks		12,191.81	12,452.00
Proceeds from sale of investments		6,84,592.13	5,14,150.35
Income received from investing activities		7,501.71	6,525.24
Increase in Earmarked balances with banks		(23.26)	(0.53)
Proceeds from sale of long-term investments (in equity shares of Mahindra Insurance Brokers Limited)		6,500.00	-
Net Cash Generated From / (Used In) Investing Activities (B)		**21,104.02**	**(25,646.92)**

Cash Flow Statement

for the year ended 31 March 2018

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of issue expenses)	2,09,789.87	-
Expenses incurred on issuance of Non-convertible debentures	(1,858.14)	(1,653.42)
Proceeds from long-term borrowings	11,31,951.88	10,46,022.59
Repayment of long-term borrowings	(5,44,968.50)	(6,28,104.76)
Proceeds from short-term borrowings	43,30,648.60	48,12,018.46
Repayment of short-term borrowings	(42,67,966.09)	(46,51,002.97)
(Decrease) / Increase in loans repayable on demand and cash credit/ overdraft facilities with banks (net)	(37,284.09)	(19,744.55)
Decrease in Fixed deposits (net)	(1,24,559.01)	(40,130.21)
Proceeds from Assignment / Securitisation transactions	69,360.66	45,708.90
Dividend paid (including tax on dividend)	(16,097.30)	(27,126.87)
Net Cash Generated From / (Used In) Financing Activities (C)	**7,49,017.88**	**5,35,987.17**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(13,955.02)**	**19,650.16**
Cash and Cash Equivalents at the Beginning of the year	**41,145.40**	**21,495.24**
Cash and Cash Equivalents at the End of the year (Refer Note 19 (A))	**27,190.38**	**41,145.40**
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	904.46	1,723.81
- Cheques and drafts on hand	1,264.80	1,258.49
- Balances with banks in current accounts	24,996.12	38,163.10
-Term deposits with original maturity up to 3 months	25.00	-
Total	**27,190.38**	**41,145.40**

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statements'.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

Notes to the Financial Statements

for the year ended 31 March 2018

1 CORPORATE OVERVIEW

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated and headquartered in Mumbai, India is a publicly held Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The Company is a subsidiary of Mahindra & Mahindra Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of Act. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. The Company has a policy of making additional provision on a prudential basis (refer note 34).

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.2 Use of estimates:

The preparation of financial statements requires the management to make judgements, estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue recognition:

a) **General:**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Interest income from retail loan transactions is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying the interest rate implicit in such contracts. Interest income on all other assets is recognised on time proportion basis.

Service charges and other fees on loan transactions are recognised at the commencement of the contract.

Income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Notes to the Financial Statements

for the year ended 31 March 2018

Income on assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as non-performing.

b) Commission and brokerage income:
Commission and brokerage income earned for the services rendered are recognised as and when they are due.

c) Subvention income:
Subvention received from manufacturers/ dealers on vehicles financed is booked over the period of the contract. The unamortized balance is being disclosed as part of liabilities. For contracts foreclosed / securitised / assigned, balance of subvention income is recognised as income at the time of such foreclosure / securitization / assignment.

2.4 Income from securitization / assignment transactions:

a) Securitisation transactions:
Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

b) Assignment transactions:
Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note 15 and 20).

The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end based on the formula prescribed as per the Circular dated 21 August 2012. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note 6 and 10).

2.5 Income from investments:

- Dividend from investments is accounted for as income when the right to receive dividend is established.
- Interest income is accounted on accrual basis.
- Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.
- Profit/ loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.6 Fixed assets, depreciation and amortization:

a) Property, Plant and Equipments (PPE):
PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

Assets given on operating lease (new and refurbished vehicles) are shown at the cost of acquisition less accumulated depreciation. These have been grouped under the head 'Vehicles given on operating lease' forming part of Company's PPE in note no.12.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed as long-term loans and advances. Capital work in progress comprises the cost

Notes to the Financial Statements

for the year ended 31 March 2018

of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

b) Depreciation on PPE:

Depreciation on PPE including new assets given on operating lease is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's PPE in note no.12.
- Used and Refurbished assets given on operating lease are depreciated at the rate of 15% on SLM over the remaining useful life of these assets.
- Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

2.7 Foreign exchange transactions and translations:

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/ liabilities

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

Notes to the Financial Statements

for the year ended 31 March 2018

As per the risk management policy, the Company has taken currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

2.8 Investments:

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more, based on intention of management at the time of purchase, are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Non-current investments in structured instruments are carried at cost less principal repayments till reporting date.

Non-current investments are carried at cost comprising of acquisition and incidental expenses less diminution in value. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary, determined separately for each individual non-current investment.

Any premium on acquisition is amortised over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Current investments are carried at lower of cost and net realisable value. The comparison of cost and net realisable value is done separately in respect of each investment.

2.9 Loans against assets:

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

2.10 Employee benefits:

a) Contribution to provident fund and National Pension Scheme -

Company's contribution paid/payable during the year to provident fund and National Pension Scheme is recognised in the Statement of profit and loss.

b) Gratuity -

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

d) Leave encashment / compensated absences / sick leave -

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

Notes to the Financial Statements

for the year ended 31 March 2018

2.11 Borrowing costs:

Borrowing costs include interest, brokerage on fixed deposits mobilised, discounting charges on commercial papers/zero coupon non-convertible debentures issued and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs are charged to the Statement of profit and loss. Incidental expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

2.12 Commercial papers and zero coupon non-convertible debentures:

Commercial papers and zero coupon non-convertible debentures are recognised at redemption value, net of unamortized discounting charges. The difference between redemption value and issue value is amortised on a time proportion basis and is included under finance costs.

2.13 Taxation - Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

a) Current tax:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

b) Deferred tax:

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

2.14 Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Act.

2.15 Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. The impairment loss is recognized in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

2.16 Provisions and contingent liabilities:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or

Notes to the Financial Statements

for the year ended 31 March 2018

a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Provisioning / Write-off on assets:

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

2.18 Employee Stock Compensation Costs:

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

2.19 Leases:

Where the Company is the lessee -

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

Where the Company is the lessor -

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

2.20 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Notes to the Financial Statements

as at 31 March 2018

3 SHARE CAPITAL

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Authorised capital :		
70,00,00,000 (31 March 2017: 70,00,00,000) Equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 (31 March 2017: 50,00,000) Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital :		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each (refer notes 3 (a) and 32)	**12,355.30**	**11,375.30**
Subscribed and paid-up capital :		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up	12,355.30	11,375.30
Less : Shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (i)) (32,87,993 (31 March 2017: 37,23,298) Equity shares of Rs.2/- each)	65.76	74.47
Total	**12,289.54**	**11,300.83**

		As at 31 March 2018		As at 31 March 2017	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares :**				
	Balance at the beginning of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
	Add : Fresh allotment of shares :				
	- Preferential issue to Mahindra & Mahindra Limited (the Holding Company)	2,50,00,000	500.00	-	-
	- Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional placement (QIP)	2,40,00,000	480.00	-	-
	Balance at the end of the year	**61,77,64,960**	**12,355.30**	**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 and ultimate holding company : Mahindra & Mahindra Limited	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.20%	51.20%
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Limited	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.20%	51.20%

d) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Financial Statements

as at 31 March 2018

e) Shares issued to ESOS Trust:

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital and Securities premium reserve in respect of outstanding equity shares pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees as per details provided below.

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
(i) Reduction from Share capital -				
- Employee stock option scheme 2005	7,85,275	15.71	7,85,275	15.71
- Employee stock option scheme 2010#	25,02,718	50.05	29,38,023	58.76
	32,87,993	**65.76**	**37,23,298**	**74.47**
(ii) Reduction from Securities premium reserve -				
- Employee stock option scheme 2005	7,85,275	64.39	7,85,275	64.39
- Employee stock option scheme 2010#	25,02,718	-	29,38,023	-
	32,87,993	**64.39**	**37,23,298**	**64.39**

Equity shares were alloted at face value

4 RESERVES AND SURPLUS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Capital redemption reserve:		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfers during the year	-	-
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium account :		
Balance as at the beginning of the year	2,02,627.99	2,03,252.40
Add : Additions during the year on account of -		
i) Exercise of employee stock options	1,156.50	1,029.01
ii) Fresh issue of equity shares through preferential allotment and QIP (refer note 32)	2,10,120.00	-
Less : Deductions during the year on account of -		
i) Expenses incurred in respect of issue of retail Non-Convertible Debentures (net of taxes) (refer note 33)	1,215.07	1,653.42
ii) Expenses incurred in respect of issue of equity shares through preferential allotment and QIP (refer note 32)	1,310.13	-
iii) Premium on shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (ii))	64.39	64.39
Balance as at the end of the year	**4,11,314.90**	**2,02,563.60**
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as at the beginning of the year	1,19,625.62	1,11,620.62
Add : Transfers from Surplus in the Statement of profit and loss	17,838.00	8,005.00
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,37,463.62**	**1,19,625.62**

Notes to the Financial Statements

as at 31 March 2018

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
General reserve :			
Balance as at the beginning of the year		55,223.78	51,220.78
Add : Transfers from Surplus in the Statement of profit and loss		8,919.00	4,003.00
Less : Transfers during the period		-	-
Balance as at the end of the year		**64,142.78**	**55,223.78**
Debenture Redemption Reserve (DRR):			
Balance as at the beginning of the year		2,649.86	-
Add : Transfers during the year (refer note 33)		5,053.12	2,649.86
Less : Deductions during the year		-	-
Balance as at the end of the year		**7,702.98**	**2,649.86**
Employees stock options outstanding :			
A) Employees stock options outstanding -			
Balance as at the beginning of the year		4,114.58	4,435.68
Add : Fresh grant of options		314.38	771.99
Less : Transfers / reversals during the year			
i) Transfers to Securities premium reserve on exercise of options		1,156.50	1,029.01
ii) Reversals for options lapsed		35.46	64.08
Balance as at the end of the year	(A)	**3,237.00**	**4,114.58**
B) Deferred employee compensation :			
Balance as at the beginning of the year		1,652.76	1,994.35
Add : Fresh grant of options		314.38	771.99
Less : Amortisation during the year			
i) Transfers to employee compensation expenses		909.66	1,049.50
ii) Reversals for options lapsed		35.46	64.08
Balance as at the end of the year	(B)	**1,022.02**	**1,652.76**
Balance as at the end of the year	(A-B)	**2,214.98**	**2,461.82**
Surplus in Statement of profit and loss :			
Balance as at the beginning of the year		2,48,898.91	2,24,047.96
Less : Corporate dividend and dividend distribution tax #		16,097.30	-
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 1 April 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India		-	514.68
Add : Profit for the year transferred from the Statement of profit and loss		89,188.43	40,023.49
		3,21,990.04	**2,63,556.77**
Less : Appropriations :			
General reserve		8,919.00	4,003.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934		17,838.00	8,005.00
Debenture redemption reserve (refer note 33)		5,053.12	2,649.86
		31,810.12	**14,657.86**
Balance as at the end of the year		**2,90,179.92**	**2,48,898.91**
Total		**9,18,019.18**	**6,36,423.59**

Corporate dividend and dividend distribution tax pertaining to financial year ended 31 March 2017 accounted in financial year ended 31 March 2018 on approval of Shareholders at Annual General Meeting in accordance with revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

The Board of Directors have proposed a dividend of 200% at Rs.4.00 per share on equity share of Rs.2/- each (31 March 2017: 120% at Rs.2.40 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.29378.43 Lakhs (31 March 2017: Rs.16097.30 Lakhs) including dividend distribution tax.

Notes to the Financial Statements

as at 31 March 2018

5 LONG-TERM BORROWINGS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Debentures		
- **Secured**		
Non-convertible debentures (refer note 48 (i) (a))	11,16,542.44	11,73,199.07
- **Unsecured**		
Subordinate debts (refer note 49 (i) (a))	3,25,603.13	2,11,530.00
Term loans		
- **Secured**		
from banks (refer note 48 (ii) (a))	7,17,559.52	4,86,131.28
Foreign currency loans from banks (refer note 48 (iii) (a))	59,616.55	47,460.87
Deposits		
- **Unsecured**		
Fixed deposits (refer note no. 49 (iii) (b))	1,62,286.51	2,22,918.85
Total (a+b)	**23,81,608.15**	**21,41,240.07**

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.

6 OTHER LONG-TERM LIABILITIES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Others -		
Deposits / advances received against loan agreements	5,692.29	3,932.57
Interest accrued but not due on borrowings	37,656.58	33,437.36
Deferred subvention income	1,982.93	2,535.73
Unrealised gains on loan transfers under securitisation transactions	3,013.35	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	1.42	1.34
Derivative contract payables	22.97	361.22
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	5,713.55	-
Total	**54,083.09**	**42,740.10**

7 LONG-TERM PROVISIONS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits (refer note 37)		
- Gratuity	2,161.02	555.16
- Leave encashment	3,308.45	1,868.43
Others -		
- Provision for non-performing assets (refer note no. 34 (a))	56,485.94	43,426.43
- Contingent provisions for standard assets (refer note 34 (b))	11,088.00	9,030.00
- Higher provision on restructured standard advances	-	7.30
- Provision for diminution in the fair value of restructured advances	-	3.03
Total	**73,043.41**	**54,890.35**

Notes to the Financial Statements

as at 31 March 2018

8 SHORT-TERM BORROWINGS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans repayable on demand:		
- **Secured**		
Cash credit facilities with banks (refer note 50 (i))	24,805.96	62,090.05
Loans and advances from related parties:		
- **Unsecured**		
Inter-corporate deposits (ICDs) (refer note 49 (iii))	52,025.00	55,200.00
Deposits:		
- **Unsecured**		
Fixed deposits (refer note 49 (iii) (a))	29,756.58	25,686.71
Other loans and advances:		
- **Secured**		
Term loans from banks (refer note 50 (i))	70,000.00	70,600.00
- **Unsecured**		
Term loans from banks (refer note 49 (ii))	10,000.00	7,400.00
Commercial Papers (CPs) (refer note 50 (ii))	4,16,902.32	3,58,044.81
Inter-corporate deposits (ICDs) (refer note 49 (iii))	5,000.00	-
Total	**6,08,489.86**	**5,79,021.57**

All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

9 TRADE PAYABLES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
(i) Due to micro and small enterprises (refer note 47)	-	-
(ii) Due to other than micro and small enterprises	93,444.32	57,757.08
Total	**93,444.32**	**57,757.08**

10 OTHER CURRENT LIABILITIES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term debt:		
Debentures		
- **Secured**		
Non-convertible debentures (refer note 48 (i) (b))	5,03,712.41	2,41,762.53
- **Unsecured**		
Subordinate debts (refer note no. 49 (i) (b))	980.00	6,880.00
Term loans		
- **Secured**		
from banks (refer note no.48 (ii) (b))	2,77,572.10	2,43,142.86
Foreign currency loans from banks (refer note no. 48 (iii) (b))	47,602.92	52,099.08

Notes to the Financial Statements

as at 31 March 2018

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Deposits:		
- **Unsecured**		
Fixed deposits (refer note 49 (iii) (c))	1,21,694.04	1,89,690.58
	9,51,561.47	**7,33,575.05**
Interest accrued but not due on borrowings	1,19,964.13	95,250.48
Unclaimed dividends	77.24	52.66
Unclaimed matured deposits and interest accrued thereon	460.20	376.37
Unclaimed interest on subordinated debentures (retail issue)	2.27	0.05
Other payables:		
Deposits / advances received against loan agreements	5,817.43	5,209.69
Credit balances in current accounts with banks as per books	12,094.64	23,159.97
Deferred subvention income	1,919.62	2,076.62
Unrealised gains on loan transfers under securitisation transactions	10,583.84	17,300.26
Cash profit on loan transfers under assignment transactions pending recognition	1.22	3.32
Insurance premium payable	1,665.36	2,413.93
Payables under assignment / securitisation transactions	4,391.73	3,305.85
Statutory dues and withholding taxes payable	3,632.80	3,242.27
Payables under derivative contracts	2,022.28	259.45
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	54.74	2,286.21
Provision for Salary, Bonus and performance pay	1,806.45	262.30
Provision for expenses	9,463.11	8,276.63
Others	1,332.08	1,583.97
Total	**11,26,850.61**	**8,98,635.08**

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.

11 A) SHORT-TERM PROVISIONS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits (refer note no. 37)		
- Leave encashment	179.09	263.85
- Bonus, incentives and performance pay	6,834.00	4,178.99
Others -		
- Provision for non-performing assets (refer note no. 34 (a))	1,50,680.64	1,50,020.20
- Contingent provisions for standard assets (refer note no.34 (b))	8,335.00	7,185.00
- Higher provision on restructured standard advances	-	15.01
- Provision for diminution in the fair value of restructured advances	-	6.24
- Provision for taxation	2,923.66	5.63
Total	**1,68,952.39**	**1,61,674.92**

12 FIXED ASSETS

As at 31 March 2018

Rs. in lakhs

Asset description	Gross Block At Cost				Depreciation & Amortisation				Net Block	
	As at 01 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 01 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 01 April 2017
i) Property, Plant and Equipments :										
Land	-	81.40	-	81.40	-	-	-	-	81.40	-
Buildings	108.92	-	-	108.92	23.06	1.82	-	24.88	84.04	85.86
Computers	6,758.89	1,926.85	372.17	8,313.57	4,809.67	1,112.87	370.55	5,551.99	2,761.58	1,949.22
Furniture and fixtures	7,670.46	448.37	59.66	8,059.17	4,330.87	779.86	54.70	5,056.03	3,003.14	3,339.59
Vehicles	6,028.62	1,283.68	661.88	6,650.42	3,622.37	998.90	596.92	4,024.35	2,626.07	2,406.25
Office equipments	8,234.39	691.55	276.05	8,649.89	5,171.77	1,133.37	265.34	6,039.80	2,610.09	3,062.62
Vehicles given on operating lease	-	77.15	-	77.15	-	1.04	-	1.04	76.11	-
Total (i)	**28,801.28**	**4,509.00**	**1,369.76**	**31,940.52**	**17,957.74**	**4,027.86**	**1,287.51**	**20,698.09**	**11,242.43**	**10,843.54**
ii) Intangible assets :										
Computer software	2,902.07	807.39	-	3,709.46	2,594.14	391.35	-	2,985.49	723.97	307.93
Total (ii)	**2,902.07**	**807.39**	**-**	**3,709.46**	**2,594.14**	**391.35**	**-**	**2,985.49**	**723.97**	**307.93**
iii) Capital work-in-progress:										
Capital work-in-progress:	-	-	-	-	-	-	-	-	-	49.09
Total (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49.09**
Total (i+ii+iii)	**31,703.35**	**5,316.39**	**1,369.76**	**35,649.98**	**20,551.88**	**4,419.21**	**1,287.51**	**23,683.58**	**11,966.40**	**11,200.56**

Notes to the Financial Statements

as at 31 March 2018

As at 31 March 2017

Rs. in lakhs

Asset description	Gross Block At Cost				Depreciation & Amortisation				Net Block	
	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 31 March 2017	As at 01 April 2016
i) Property, Plant and Equipments :										
Buildings	108.92	-	-	108.92	21.24	1.82	-	23.06	85.86	87.68
Computers	5,548.51	1,468.63	258.25	6,758.89	4,086.17	981.22	257.72	4,809.67	1,949.22	1,462.34
Furniture and fixtures	7,359.26	390.12	78.92	7,670.46	3,608.92	779.35	57.40	4,330.87	3,339.59	3,750.34
Vehicles	5,745.17	995.77	712.32	6,028.62	3,348.47	936.42	662.52	3,622.37	2,406.25	2,396.70
Office equipments	7,318.80	1,124.35	208.76	8,234.39	4,223.95	1,149.71	201.89	5,171.77	3,062.62	3,094.85
Vehicles given on operating lease	-	-	-	-	-	-	-	-	-	-
Total (i)	**26,080.66**	**3,978.87**	**1,258.25**	**28,801.28**	**15,288.75**	**3,848.52**	**1,179.53**	**17,957.74**	**10,843.54**	**10,791.91**
ii) Intangible assets :										
Computer software	2,395.82	506.25	-	2,902.07	1,840.52	753.62	-	2,594.14	307.93	555.30
Total (Ii)	**2,395.82**	**506.25**	**-**	**2,902.07**	**1,840.52**	**753.62**	**-**	**2,594.14**	**307.93**	**555.30**
iii) Capital work-in-progress:										
Capital work-in-progress:	-	-	-	-	-	-	-	-	49.09	1.85
Total (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49.09**	**1.85**
Total (i+ii+iii)	**28,476.48**	**4,485.12**	**1,258.25**	**31,703.35**	**17,129.27**	**4,602.14**	**1,179.53**	**20,551.88**	**11,200.56**	**11,349.06**

Notes to the Financial Statements

as at 31 March 2018

13 NON-CURRENT INVESTMENTS

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
A)	**Quoted (at cost) : Trade**		
(i)	Government securities (refer note 13(i))	70,251.08	70,418.03
(ii)	Secured redeemable non-convertible debentures ((refer note 13(ii (a))	6,200.00	8,975.00
	(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
	Non -Trade :		
	- Units of mutual funds	200.00	200.00
	(HDFC Charity fund for Cancer cure - Debt plan, a Close-ended scheme with regular option maturing on May 5, 2020 where 50% of the dividend would be donated to Indian Cancer Society and eligible for claiming deduction under section 80 G of the Income Tax Act, 1961; Market value: Rs. 200.56 Lakhs (31 March 2017: Rs.200.53 Lakhs))		
	Total - A	**76,651.08**	**79,593.03**
B)	**Unquoted (at cost) : Non-trade**		
	(a) Equity investment in subsidiary companies :		
(i)	Mahindra Insurance Brokers Limited	45.16	47.98
	20,61,856 (31 March 2017: 21,90,722) equity shares of face value of Rs.10/- each fully paid up (refer note no. 13(iv))		
(ii)	Mahindra Rural Housing Finance Limited	36,252.22	23,252.22
	9,62,40,655 (31 March 2017: 8,32,40,655) equity shares of Rs.10/- each fully paid up (refer note 13 (iii) (a))		
(iii)	Mahindra Asset Management Company Private Ltd.	12,000.00	9,100.00
	12,00,00,000 (31 March 2017: 9,10,00,000) equity shares of Rs.10/- each fully paid up (refer note 13 (iii) (b))		
(iv)	Mahindra Trustee Company Private Ltd.	50.00	50.00
	50,00,000 (31 March 2017: 50,00,000) equity shares of Rs.10/- each fully paid up		
		48,347.38	**32,450.20**
	(b) Equity investment in Joint Venture :		
	49% Ownership in Mahindra Finance USA, LLC	20,091.60	18,429.16
	(Joint venture entity with De Lage Landen Financial Services INC. in United States of America) (refer note no. 13 (iii) (c))		
	(c) Equity investment in other entities :		
i)	New Democratic Electoral Trust	1.00	1.00
	10,000 (31 March 2017: 10,000) equity shares of Rs.10/- each fully paid up		
ii)	Orizonte Business Solutions Limited	700.00	-
	35,00,000 (31 March 2017: Nil) equity shares of face value of Rs.10/- each, at a premium of Rs.10/- per share, fully paid up (refer note 13 (iii) (e))		
	(d) Investment in Bonds / Debentures :		
	70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited	-	700.00
	(Tenure : 5 years and 6 months ; Maturity : 28th Sep, 2018)		
		20,792.60	**19,130.16**
	Total - B	**69,139.98**	**51,580.36**
	Total	**1,45,791.06**	**1,31,173.39**

Notes to the Financial Statements

as at 31 March 2018

Additional Information :

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
a)	Aggregate amount of quoted investments and market value -		
	- Aggregate amount	76,651.08	79,593.03
	- Market value #	80,264.86	84,807.78
b)	Aggregate amount of unquoted investments	69,139.98	51,580.36

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 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 6.90%-13/07/2019	100	10,00,000	947.79	1,002.88
Govt Stock 6.90%-13/07/2019	100	15,00,000	1,427.50	1,504.33
Govt Stock 6.90%-13/07/2019	100	10,00,000	932.55	1,002.88
Govt Stock 6.35%-02/01/2020	100	10,00,000	885.25	993.35
Govt Stock 7.80%-03/05/2020	100	5,00,000	488.65	509.00
Govt Stock 10.25%-30/05/2021	100	10,00,000	1,043.32	1,087.45
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,003.47	1,032.20
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,001.01	1,032.20
Govt Stock 8.13%-21/09/2022	100	15,00,000	1,504.22	1,548.15
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.95	516.05
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.71	516.05
Govt Stock 8.13%-21/09/2022	100	10,00,000	955.80	1,032.10
Govt Stock 7.16%-20/5/2023	100	10,00,000	900.55	990.00
Govt Stock 7.16%-20/5/2023	100	10,00,000	904.70	990.00
Govt Stock 8.83%-25/11/2023	100	20,00,000	2,022.81	2,121.40
Govt Stock 9.15%-14/11/2024	100	25,00,000	2,614.24	2,697.04
Govt Stock 9.15%-14/11/2024	100	10,00,000	1,076.78	1,078.82
MP SDL 8.15%-13/11/2025	100	25,00,000	2,500.80	2,542.08
MP SDL 8.15%-13/11/2025	100	11,00,000	1,163.02	1,118.51
MP SDL 8.15%-13/11/2025	100	12,00,000	1,268.75	1,220.20
TN SDL 8.27%-23/12/2025	100	10,00,000	1,001.59	1,022.96
Maharashtra SDL 8.26% 23/12/2025	100	20,00,000	2,121.55	2,044.78
Rajasthan SDL 8.30% 13/01/2026	100	25,00,000	2,694.84	2,560.96
UP SDL 8.39% 27/01/2026	100	5,00,000	500.52	514.69
AP SDL 8.39% 27/01/2026	100	10,00,000	1,001.05	1,029.38
Govt Stock 8.33%-09/07/2026	100	20,00,000	2,050.01	2,084.00
Govt Stock 8.24%-15/02/2027	100	20,00,000	1,898.50	2,078.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	959.15	1,039.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	956.33	1,039.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	1,013.67	1,039.00
Govt Stock 8.28%-21/09/2027	100	15,00,000	1,380.75	1,557.07
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,868.10	2,076.09
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,867.90	2,076.09
Govt Stock 8.28%-21/09/2027	100	10,00,000	932.65	1,038.04
Govt Stock 8.28%-21/09/2027	100	20,00,000	2,001.92	2,076.09
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,022.80	1,098.62
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,023.88	1,098.62

Notes to the Financial Statements

as at 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 8.97%-05/12/2030	100	5,00,000	513.37	549.31
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,027.07	1,098.62
Govt Stock 8.97%-05/12/2030	100	5,00,000	521.49	549.31
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,034.63	1,098.62
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,581.38	1,647.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,090.24	1,098.62
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,076.08	1,098.62
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,450.20	1,647.93
Govt Stock 8.97%-05/12/2030	100	20,00,000	2,165.68	2,197.25
Govt Stock 8.28%-15/02/2032	100	25,00,000	2,401.50	2,618.35
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,009.27	1,051.63
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,027.98	1,051.63
Govt Stock 8.24%-10/11/2033	100	10,00,000	1,023.52	1,048.90
Govt Stock 8.33%-07/06/2036	100	15,00,000	1,544.89	1,590.22
Govt Stock 8.30%-02/07/2040	100	15,00,000	1,359.30	1,590.28
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,016.09	1,120.00
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,020.98	1,120.00
Govt Stock 8.83%-12/12/2041	100	15,00,000	1,469.33	1,680.00
Total		**703,00,000**	**70,251.08**	**73,864.30**

Details of quoted Long-term investments in Government stock:

As at 31 March 2017

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 6.90%-13/07/2019	100	10,00,000	947.79	1,009.88
Govt Stock 6.90%-13/07/2019	100	15,00,000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	10,00,000	932.55	1,009.88
Govt Stock 6.35%-02/01/2020	100	10,00,000	885.25	996.12
Govt Stock 7.80%-03/05/2020	100	5,00,000	488.65	515.25
Govt Stock 10.25%-30/05/2021	100	10,00,000	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	15,00,000	1,505.17	1,586.44
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.95	528.81
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.71	528.81
Govt Stock 8.13%-21/09/2022	100	10,00,000	955.80	1,057.63
Govt Stock 7.16%-20/5/2023	100	10,00,000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	10,00,000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	20,00,000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	25,00,000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	10,00,000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	25,00,000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	11,00,000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	12,00,000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	10,00,000	1,001.79	1,031.17
Maharashtra SDL 8.26% 23/12/2025	100	20,00,000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	25,00,000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	5,00,000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	10,00,000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	20,00,000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	20,00,000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	10,00,000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	10,00,000	956.33	1,062.60

Notes to the Financial Statements

as at 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 8.24%-15/02/2027	100	10,00,000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	15,00,000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	10,00,000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	20,00,000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	25,00,000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	10,00,000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	15,00,000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	15,00,000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,016.75	1,136.01
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	15,00,000	1,469.33	1,704.02
Total		**703,00,000**	**70,418.03**	**75,632.25**

Quoted investments of Rs. 70,251.08 lakhs (31 March 2017: Rs. 70,418.03 lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust.

ii) Details of investments in Secured redeemable non-convertible debentures:

As at 31 March 2018

Rs. in lakhs

Sr. no.	Particulars	Total quantity	Total Face Value	a) Non -current	b) Current	Total
1	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac	800	8,000.00	1,200.00	4,400.00	5,600.00
2	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
3	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
4	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
5	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	75	750.00	-	375.00	375.00
6	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
7	Home Credit India Finance Private Limited Sr-29471-30220 13.12 Ncd 26Mr21 FV Rs10Lac	750	7,500.00	5,000.00	2,500.00	7,500.00
	Total			**6,200.00**	**10,275.00**	**16,475.00**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

Notes to the Financial Statements

as at 31 March 2018

As at 31 March 2017

Rs. in lakhs

Sr. no.	Particulars	Total quantity	Total Face Value	a) Non -current	b) Current	Total
1	Intrepid Finance And Leasing Private Limited Sr-F 13 Xirr Ncd 28Ag17 FV Rs 416667	80	800.00	-	166.67	166.67
2	Light Microfinance Private Limited Sr-F 13.6 Xirr Ncd 28Ag17 FV Rs10Lac	75	750.00	-	156.25	156.25
3	M Power Microfinance Private Limited Sr-F 13.1 Xirr Ncd 28Ag17 FV Rs10Lac	75	750.00	-	156.25	156.25
4	Saija Finance Private Limited Sr-F 13.1 Xirr Ncd 28Ag17 FV Rs10Lac	80	800.00	-	166.67	166.67
5	Satin Creditcare Network Limited Sr-F 12.3 Xirr Ncd 28Ag17 FV Rs10Lac	300	3,000.00	-	625.00	625.00
6	Sv Creditline Pvt. Ltd. Sr-F 12.75 Xirr Ncd 28Ag17 FV Rs10Lac	200	2,000.00	-	416.67	416.67
7	Annapurna Microfinance Private Limited Sr-F 12.75 Xirr Ncd 28Ag17 FV Rs250000	150	1,500.00	-	312.50	312.50
8	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac	800	8,000.00	5,600.00	2,400.00	8,000.00
9	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
10	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
11	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
12	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	75	750.00	375.00	375.00	750.00
13	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
	Total			**8,975.00**	**7,775.01**	**16,750.01**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) During the year, the Company has made following equity investments –

a) Rs.13,000.00 Lakhs (31 March 2017: Rs. 11,375.00 Lakhs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,30,00,000 Equity shares of Rs.10/- each for cash at Rs.100.00 per share, including premium of Rs.90.00 per equity share on a rights basis, fully paid up (31 March 2017: 1,69,77,612 Equity shares of Rs.10/- each for cash at Rs.57.00 per share, including premium of Rs.30/- per equity share, fully paid up).

b) Rs.2,900.00 Lakhs (31 March 2017: Rs. 3,045.00 Lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 2,90,00,000 (31 March 2017: 3,04,50,000) Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs.1,662.44 Lakhs (31 March 2017: Rs. 3,111.84 Lakhs) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

Notes to the Financial Statements

as at 31 March 2018

d) During the previous year, the Company had made an additional investment of Rs.0.95 Lakh in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis. During the current year, there were no further investment made in New Democratic Electoral Trust.

e) Rs.700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smart shift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs.10/- each, for cash, at a premium of Rs.10/- per share.

iv) During the year, the Company has sold 1,28,866 equity shares of face value of Rs.10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs.5,044.00 per share for a consideration aggregating to Rs.6,500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs.6,497.18 lakhs on a standalone basis and the same has been shown as an Exceptional items in the Statement of profit and loss.

14 DEFERRED TAX ASSETS (NET)

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets		
- Provision for non performing assets / loss & expenses on assignments	67,667.51	65,016.56
- Provision for standard assets	6,787.17	5,611.69
- Other disallowances	3,315.93	1,247.09
- Depreciation on fixed assets	1,622.62	1,291.35
Total	**79,393.23**	**73,166.69**

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1) (vii) (a) of the Income tax Act, 1961.

15 LONG-TERM LOANS AND ADVANCES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans and advances:		
- Secured, considered good		
Loans against assets	26,22,699.93	21,21,101.93
Retained interest in Pass Through Certificates under securitization transactions	4.25	40.85
Retained interest under assignment transactions	145.65	145.90
- Secured, considered doubtful (non-performing)		
Loans against assets	1,11,932.65	79,449.03
- Unsecured, considered good		
Interest Only Strip (I/O Strip) under securitization transactions (refer note 39 (b))	3,013.35	2,471.88
Loans and advances	2,686.72	450.37
- Unsecured, considered doubtful (non-performing)		
Loans and advances	216.70	415.48
Others :		
- Unsecured, considered good		
Capital advances	-	20.77
Security Deposits for office premises / others	2,550.53	2,221.04
Advance payment of taxes (net of provisions)	21,680.73	17,333.28
Total	**27,64,930.51**	**22,23,650.53**

Notes to the Financial Statements

as at 31 March 2018

16 OTHER NON-CURRENT ASSETS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Others :		
Term deposits with banks		
- Free	980.10	294.00
- Under lien (refer note no. 19)	814.62	10,929.88
Derivative contract receivables	14.86	-
Exchange gain receivable on forward contract on foreign currency loans	941.85	-
Deferred premium on foreign currency loan forward contracts	2,144.55	-
Prepaid expenses	436.66	296.91
Unamortised placement and arrangement fees paid on borrowing instruments	353.61	458.01
Total	**5,686.25**	**11,978.80**

17 CURRENT INVESTMENTS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
i) Quoted -		
Secured redeemable non-convertible debentures (refer note 13 (ii) (b))	10,275.00	7,775.01
Units of mutual funds ((refer note 17 (i))	500.00	27,500.00
	10,775.00	**35,275.01**
ii) Unquoted (at cost) :		
70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited	700.00	-
Commercial Papers	30,050.68	20,858.36
	30,750.68	**20,858.36**
Total	**41,525.68**	**56,133.37**

Additional Information :

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Aggregate amount of quoted investments and market value -		
- Aggregate amount	10,775.00	35,275.01
- Market value #	10,800.71	35,283.26
Aggregate amount of unquoted investments	30,750.68	22,500.00

Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

Notes to the Financial Statements

as at 31 March 2018

i) Details of investment in Mutual fund units –

As at 31 March 2018

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 low duration– Direct – Growth	48,617.9660	1081.3053	500.00	525.71
Total				**500.00**	**525.71**

As at 31 March 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	23,75,664.60	1052.6354	25,000.00	25,007.09
Mahindra Mutual Fund	Mahindra ALP Samay Bachat Yojana – Direct – Growth	2,47,640.16	1009.9978	2,500.00	2,501.16
Total				**27,500.00**	**27,508.25**

ii) Details of unquoted current investment in Commercial Papers :

As at 31 March 2018

Rs. in lakhs

Particulars	Face value Rs.	Units	Amount Rs.in lakhs
Fincare Small Finance Bank Limited	5,00,000.00	500	2,500.00
Neo Growth Credit Pvt Limited	5,00,000.00	800	4,000.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Northern Arc Capital Limited	5,00,000.00	2,000	10,000.00
IKF Finance Limited	5,00,000.00	1,000	5,000.00
Total at face value		**6,300**	**31,500.00**
Less : Unamortised discounting charges			**1,449.32**
Total redemption value, net of unamortized discounting charges			**30,050.68**

As at 31 March 2017

Particulars	Face value Rs.	Units	Amount Rs.in lakhs
ESAF Microfinance & Investment Private Limited	5,00,000.00	1,500	7,500.00
Northern Arc Capital Limited	5,00,000.00	1,500	7,500.00
Five Star Business Finance Limited	5,00,000.00	500	2,500.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Total at face value		**4,500**	**22,500.00**
Less : Unamortised discounting charges			**1,641.64**
Total redemption value, net of unamortized discounting charges			**20,858.36**

Notes to the Financial Statements

as at 31 March 2018

18 TRADE RECEIVABLES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Secured, considered good :		
- Lease rental receivable on operating lease transactions	0.49	-
outstanding for a period not exceeding six months from the date they are due for payment)		
Secured, considered doubtful (non-performing) :		
- Trade receivable on hire purchase transactions	373.39	374.19
(outstanding for a period exceeding six months from the date they are due for payment)		
Unsecured, considered good :		
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	0.47
- Debts outstanding for a period not exceeding six months from the date they are due for payment	368.98	208.04
Total	**742.86**	**582.70**

19 CASH AND BANK BALANCES

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
a)	**Cash and cash equivalents :**		
	- Cash on hand	904.46	1,723.81
	- Cheques and drafts on hand	1,264.80	1,258.49
	- Balances with banks in current accounts	24,996.12	38,163.10
	- Term deposits with original maturity up to 3 months	25.00	-
		27,190.38	**41,145.40**
b)	**Bank balances other than cash and cash equivalents :**		
	Earmarked balances with banks -		
	- Unclaimed dividend accounts	77.24	53.98
	Term deposits with maturity less than 12 months -		
	- Free	9,844.77	1,862.00
	- Under lien #	3,999.70	14,745.12
		13,921.71	**16,661.10**
	Total	**41,112.09**	**57,806.50**

Details of Term deposits

Rs. in lakhs

Particulars	As at 31 March 2018			As at 31 March 2017		
	Cash and bank balances	Other non-current assets	Total	Cash and bank balances	Other non-current assets	Total
Term deposits for SLR	-	766.00	766.00	5,563.00	766.00	6,329.00
Collateral deposits for securitization transactions	3,162.88	37.12	3,200.00	8,766.12	10,047.88	18,814.00
Legal deposits	9.82	11.50	21.32	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	802.00	-	802.00	413.00	99.00	512.00
Collateral deposits with banks for Aadhaar authentication	25.00	-	25.00	-	-	-
Total	**3,999.70**	**814.62**	**4,814.32**	**14,745.12**	**10,929.88**	**25,675.00**

Notes to the Financial Statements

as at 31 March 2018

20 SHORT-TERM LOANS AND ADVANCES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans and advances:		
- Secured, considered good		
Loans against assets	18,01,504.49	15,53,661.97
Retained interest in Pass Through Certificates (PTC) under securitization transactions	31.90	110.98
Retained interest under assignment transactions	1.46	15.31
- Secured, considered doubtful (non-performing)		
Loans against assets	2,83,965.44	2,68,968.36
- Unsecured, considered good		
Loans and advances	35,056.45	10,081.94
Bills of exchange	55,358.64	38,851.72
Trade Advances	1,39,955.43	1,17,787.88
Interest Only Strip (I/O Strip) under securitization transactions (refer note 39 (b))	10,583.84	17,300.26
Other short term advances	1,109.67	575.37
- Unsecured, considered doubtful (non-performing)		
Loans and advances	3,853.89	316.02
Inter corporate deposits to related parties	100.00	100.00
Bills of exchange	16.27	-
Trade Advances	3,771.58	3,791.46
Others :		
- Unsecured, considered good		
Security Deposits for office premises / others	192.45	421.19
Total	**23,35,501.51**	**20,11,982.46**

21 OTHER CURRENT ASSETS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Interest accrued on -		
- Investments	1,410.39	1,395.18
- Others deposits	1,244.47	1,167.85
Exchange gain receivable on forward contract on foreign currency loans	-	190.40
Deferred premium on foreign currency loan forward contracts	2,899.09	504.38
Prepaid expenses	1,729.67	1,141.26
Unamortised placement and arrangement fees paid on borrowing instruments	123.22	122.51
Insurance advances	479.44	178.51
Other receivables	2,244.68	1,308.50
Total	**10,130.96**	**6,008.59**

Notes to the Financial Statements

for the year ended 31 March 2018

22 REVENUE FROM OPERATIONS

Rs. in lakhs

		Year ended 31 March 2018	Year ended 31 March 2017
a)	**Interest Income**		
	Income from loans	6,55,986.04	5,65,018.75
	Income from hire purchase	8.36	15.21
	Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,482.82	6,551.71
	Interest on retained interest in PTCs under securitization transactions	3.43	12.59
	Interest on Government securities - Long term	5,714.35	5,345.19
	(a)	**6,68,195.00**	**5,76,943.45**
b)	**Other financial services**		
	Service charges and other fees on loan transactions	27,053.37	24,331.66
	Income from bill discounting	5,259.22	4,179.23
	Income from lease	2.69	-
	Income from assignment / securitisation transactions (refer note no.39)	14,199.95	11,936.72
	(b)	**46,515.23**	**40,447.61**
	Total **(a + b)**	**7,14,710.23**	**6,17,391.06**

23 OTHER INCOME

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Dividend income -		
- Current investments in mutual fund units	170.58	85.48
- Long-term investments in subsidiary companies	1,631.99	1,256.29
Net profit / loss on sale of current investments	59.56	88.48
Other non-operating income -		
- Profit on sale / retirement of owned assets (net)	51.28	15.24
- Income from shared services	3,310.83	4,580.24
- Others	677.76	337.03
Total	**5,902.00**	**6,362.76**

24 EMPLOYEE BENEFITS EXPENSE

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	75,000.41	59,818.31
Contribution to provident funds and other funds	6,782.26	4,741.09
Expense on employee stock option scheme (refer note no. 31 (f)) #	755.03	879.82
Staff welfare expenses	2,638.78	2,650.49
Total	**85,176.48**	**68,089.71**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs.22.66 Lakhs (31 March 2017: Rs. 33.76 Lakhs) and net of recoveries from subsidiary company Rs.177.29 Lakhs (31 March 2017: Rs. 203.44 Lakhs).

Notes to the Financial Statements

for the year ended 31 March 2018

25 FINANCE COSTS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses	2,97,799.46	2,83,245.57
Other borrowing costs	2,240.42	2,497.13
Total	**3,00,039.88**	**2,85,742.70**

26 DEPRECIATION AND AMORTIZATION EXPENSES

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets	4,027.86	3,848.52
Amortization of intangible assets	391.35	753.62
Total	**4,419.21**	**4,602.14**

27 LOAN PROVISIONS AND WRITE OFFS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Bad debts and write offs	1,05,763.10	84,500.16
Provision for non-performing assets (net) (refer note no.7,11 and 34 (a))	13,697.64	44,233.45
Provision for standard assets (refer note no.7,11 and 34 (b))	3,208.00	2,180.00
Write back of provision for diminution in the fair value of restructured advances	(9.27)	(0.94)
Total	**1,22,659.47**	**1,30,912.67**

28 OTHER EXPENSES

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Electricity charges	2,170.24	2,039.34
Rent	6,917.84	6,785.70
Repairs and maintenance -		
- Buildings	388.28	436.59
- Others	231.03	323.11
Insurance	1,875.09	1,650.25
Rates and taxes, excluding taxes on income	(58.68)	765.55
Directors' sitting fees and commission	318.67	275.72
Commission and brokerage	23,173.95	22,222.74
Legal and professional charges	10,736.26	9,563.50
Manpower outsourcing cost	1,590.24	706.49
Payments to the auditor -		
- Audit fees	57.61	46.82
- Taxation matters	25.08	18.18
- Other services	31.44	32.34
- Reimbursement of expenses	0.50	1.51
CSR donations and expenses (refer note 42)	2,703.54	3,047.53
General and administrative expenses	27,378.45	24,484.40
Total	**77,539.54**	**72,399.77**

Notes to the Financial Statements

for the year ended 31 March 2018

Expenditure incurred in foreign currency

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Travelling expenses	3.00	-
Legal and professional fees	163.62	295.85
Other expenses	353.32	27.17

29 EXCEPTIONAL ITEMS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Profit on sale of investments in shares of subsidiary company (refer note no. 13 (iv)	6,497.18	-
Total	**6,497.18**	**-**

30 DISCLOSURE UNDER THE ACCOUNTING STANDARD RELATING TO 'FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURES' (AS-27)

The Company has interest in the following jointly controlled entity.

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%
ii)	Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities		

Rs. in lakhs

Sr. no.	Particulars	As at 31 March 2018	As at 31 March 2017
I	**Assets**		
1	Long-term loans and advances	2,69,341.37	2,26,440.34
2	Deferred tax assets	736.87	1,028.95
3	Cash and cash equivalents	748.64	577.88
4	Short-term loans and advances	68,849.03	67,937.52
5	Other current assets	1,263.15	1,142.89
II	**Liabilities**		
1	Long-term borrowings	1,22,372.58	1,18,296.56
2	Other Long-term liabilities	-	-
3	Long term provisions	989.79	775.45
4	Short term borrowings	1,09,429.15	80,431.74
5	Other current liabilities	75,055.46	69,333.16
6	Short term provisions	252.87	233.16

Notes to the Financial Statements

for the year ended 31 March 2018

			Year ended 31 March 2018	Year ended 31 March 2017
III	**Income**			
	1	Revenue from operations	17,274.07	14,013.55
	2	Other income	479.11	809.26
IV	**Expenses**			
	1	Finance costs	7,001.47	5,656.00
	2	Provisions and write-offs	1,068.00	912.31
	3	Other expenses	4,484.43	4,013.33
	4	Provision for current tax	1,839.62	1,884.27
	5	Provision for deferred tax	291.04	(319.60)

31 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,49,89,782 equity shares to employees up to 31 March 2018 (31 March 2017: 1,45,54,477 equity shares), of which 4,35,305 equity shares (31 March 2017: 4,40,284 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of each vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

Notes to the Financial Statements

for the year ended 31 March 2018

b) During the year, the Company has granted 62,130 (31 March 2017: 2,17,400) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Rs. in lakhs

Particulars	Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
No. of options granted	62,130	2,17,400
Intrinsic value of shares based on latest available closing market price (Rs.)	506.00	355.10
Total amount to be amortized over the vesting period (Rs. in Lakhs)	314.38	771.99
Charge to Statement of profit and loss for the year (Rs. in Lakhs)	35.06	86.92
Compensation in respect of lapsed cases (Rs. in Lakhs) #	7.96	10.70
Unamortized amount carried forward (Rs. in Lakhs)	271.36	674.37

pertaining to 1,572 (31 March 2017: 3,014) stock options forfeited/lapsed during the year.

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting date	Year ended 31 March 2018 Grant dated 24 January 2018		Year ended 31 March 2017 Grant dated 5 January 2017	
	Expected Vesting	Fair Value per share (Rs.)	Expected Vesting	Fair Value per share (Rs.)
5 January 2019	12,473	495.92	43,482	337.36
5 January 2020	12,473		43,482	
5 January 2021	12,473		43,482	
5 January 2022	12,473		43,482	
5 January 2023	12,238		43,472	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#		Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
1)	Risk free interest rate	7.16%	6.67%
2)	Expected life	4.50 years	4.70 years
3)	Expected volatility	37.61%	38.28%
4)	Dividend yield	0.47%	1.12%
5)	Price of the underlying share in the market at the time of option grant (Rs.)	508.00	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

Notes to the Financial Statements

for the year ended 31 March 2018

c) Summary of stock options

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	14,67,709	2.00	17,14,173	2.00
Options granted during the year	62,130	2.00	2,17,400	2.00
Options forfeited/lapsed during the year	10,547	2.00	23,580	2.00
Options exercised during the year	4,35,305	2.00	4,40,284	2.00
Options outstanding at the end of the year	10,83,987	2.00	14,67,709	2.00
Options vested but not exercised at the end of the year	1,89,612	2.00	2,35,038	2.00

d) Information in respect of options outstanding

Grant date / Exercise price	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2010 :				
7 February 2011 at Rs.2.00	12,305	10 months	35,090	21 months
25 January 2012 at Rs.2.00	15,512	19 months	38,580	30 months
22 July 2013 at Rs.2.00	9,980	37 months	19,020	44 months
21 October 2013 at Rs.2.00	32,203	27 months	39,116	39 months
21 October 2014 at Rs.2.00	7,39,245	45 months	10,75,448	52 months
21 October 2015 at Rs.2.00	31,519	56 months	46,069	59 months
5 January 2017 at Rs.2.00	1,82,665	62 months	2,14,386	70 months
24 January 2018 at Rs.2.00	60,558	71 months	-	-
Total	**10,83,987**		**14,67,709**	

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Year ended 31 March 2018		Year ended 31 March 2017	
Date of Exercise	Average share price (Rs.)	Date of Exercise	Average share price (Rs.)
28 April 2017	334.70	25 April 2016	293.29
25 May 2017	301.21	20 May 2016	297.89
21 June 2017	349.24	21 June 2016	323.35
26 July 2017	396.95	26 July 2016	318.59
31 August 2017	428.18	29 August 2016	344.10
22 September 2017	416.65	19 September 2016	343.71
30 October 2017	426.17	27 October 2016	365.77
21 November 2017	433.13	25 November 2016	285.28
28 December 2017	469.13	23 December 2016	254.65
29 January 2018	483.25	11 January 2017	282.99
26 February 2018	446.39	27 January 2017	282.76
23 March 2018	424.95	28 February 2017	291.43
		27 March 2017	321.24

Notes to the Financial Statements

for the year ended 31 March 2018

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows :

Grants covered under Scheme 2005:

Variables#	7 December 2005	24 July 2007	25 March 2008	18 September 2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5.00%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables#	07 February 2011	25 January 2012	22 July 2013	21 October 2013	21 October 2014	21 October 2015	05 January 2017	24 January 2018
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%	6.67%	7.16%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years	4.70 years	4.50 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%	38.28%	37.61%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%	1.12%	0.47%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15	357.10	508.00

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

Notes to the Financial Statements

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h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Net profit after tax (Rs. in Lakhs)	89,188.43	40,023.49	89,228.74	40,069.58
Weighted average number of equity shares of Rs. 2/- each – Basic	58,10,96,549	56,47,23,582	58,10,96,549	56,47,23,582
Weighted Average number of equity shares of Rs. 2/- each – Diluted	58,19,45,789	56,84,46,880	58,19,45,789	56,84,46,880
Basic Earnings Per Share (Rs.)	15.35	7.09	15.36	7.10
Diluted Earnings Per Share # (Rs.)	15.33	7.04	15.33	7.05

Dilution in Earnings per share is on account of 32,87,993 equity shares (31 March 2017: 37,23,298 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.40.31 Lakhs (31 March 2017: Rs. 46.09 Lakhs).

32 FRESH ISSUE OF EQUITY SHARE CAPITAL

The Board of Directors of the Company, at its meeting held on 1 November 2017, and special resolution passed by the members at the Extraordinary General Meeting held on 29 November 2017 had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company has raised funds amounting to Rs. 2,11,100.00 lakhs through allotment of fresh equity shares as per details provided below :

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.1,05,500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.1,05,600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 210120.00 lakhs.

33 PUBLIC ISSUANCE OF UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES (NCD'S)

During the year, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of the face value of Rs.1,000.00 each. The NCD's were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCD's issue expenses of Rs.1215.07 lakhs (net of taxes)

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has been adjusted against securities premium reserve as per the accounting policy. The total amount of NCDs outstanding as at 31 March 2018 were Rs. 2,15,053.13 lakhs, including the amount of fresh issuance during the year.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 5,053.12 Lakhs (31 March 2017: Rs.2,649.86 lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2018, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

34 LOAN PROVISIONS

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no. DNBR. 011/ CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended 31st March, 2016, upto the financial year ended 31st March, 2018 and these revised guidelines have been followed during the current year while making provisions for NPAs and Standard assets.

The cumulative accelerated provision made by the Company as on 31 March 2018 is Rs.69,970.22 Lakhs (31 March 2017: Rs.68,623.98 Lakhs).

The Company, during the year ended 31 March 2017, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.8,336.91 Lakhs for the year ended 31 March 2017 with a consequent impact on the profit before tax. However, during the current year, the Company has reviewed the basis of estimating provision for non-performing assets and made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

b) (i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, the Company has made Standard assets of provision of Rs.3208.00 Lakhs (31 March 2017: Rs. 2180.00 Lakhs) during the current year

(ii) The total amount of provision on Standard assets as at 31 March 2018 stood at Rs. 19,423.00 Lakhs (31 March 2017: Rs.16,215.00 Lakhs, including additional provision of Rs.2,034.00 lakhs).

35 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.

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36 LEASES

In the cases where assets are given on operating lease (as lessor) -

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
i)	**New vehicles to retail customers on operating lease -**		
	Not later than one year	3.87	-
	Later than one year but not later than five years	2.39	-
	Later than five years	-	-
		6.26	**-**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**		
	Not later than one year	2.53	-
	Later than one year but not later than five years	-	-
	Later than five years	-	-
		2.53	**-**

37 EMPLOYEE BENEFITS

Defined benefit plans -as per actuarial valuation

Rs. in lakhs

Particulars		Gratuity (funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
		As at 31 March		As at 31 March		As at 31 March	
		2018	2017	2018	2017	2018	2017
a)	**Expense recognised in the Statement of Profit & Loss Account for the year ended**						
	Current service cost	720.38	363.90	362.37	83.95	606.31	477.14
	Interest cost	201.40	155.60	29.00	22.18	127.94	93.54
	Expected return on plan assets	(160.54)	(166.11)	-	-	-	-
	Actuarial (gains)/losses	1,889.58	675.34	(11.24)	10.63	547.41	266.33
	Adjustment due to change in opening balance of Plan assets	(380.05)	(156.76)	-	-	-	-
	Net expense	**2,270.77**	**871.97**	**380.13**	**116.76**	**1,281.66**	**837.01**
b)	**Net asset / (liability) recognised in the Balance Sheet**						
	Present value of defined benefit obligation	5,177.73	2,736.45	774.13	394.01	2,713.41	1,738.26
	Fair value of plan assets	3,016.71	2,181.29	-	-	-	-
	Net asset / (liability)	**(2,161.02)**	**(555.16)**	**(774.13)**	**(394.01)**	**(2,713.41)**	**(1,738.26)**
c)	**Change in fair value of defined benefit obligations during the year ended**						
	Present value of defined benefit obligation at the beginning of the year	2,736.45	1,944.96	394.01	277.25	1,738.27	1,169.26
	Current service cost	720.38	363.90	362.37	83.95	606.31	477.14
	Interest cost	201.40	155.60	29.00	22.18	127.94	93.54
	Actuarial (gains) / losses	1,729.03	509.22	(11.24)	10.63	547.41	266.33
	Benefits paid	(209.53)	(237.23)	-	-	(306.50)	(268.01)
	Present value of defined benefit obligation at the year ended	**5,177.73**	**2,736.45**	**774.14**	**394.01**	**2,713.43**	**1,738.26**

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Rs. in lakhs

Particulars		Gratuity (funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
		As at 31 March		As at 31 March		As at 31 March	
		2018	2017	2018	2017	2018	2017
d)	**Change in the fair value of plan assets during the year ended**						
	Fair value of plan assets at the beginning of the year	2,181.29	1,919.58	-	-	-	-
	Expected return on plan assets	160.54	166.11	-	-	-	-
	Contributions by employer	664.90	342.19	-	-	-	-
	Actuarial (Gains)/Losses	(160.54)	(166.11)	-	-	-	-
	Adjustment due to change in opening balance of Plan assets	380.05	156.76	-	-	-	-
	Actual Benefits paid	(209.53)	(237.23)	-	-	-	-
	Fair value of plan assets at the end of the year	**3,016.71**	**2,181.30**	-	-	-	-
e)	**Major category of plan assets as a percentage of total plan**						
	Funded with LIC	100%	100%	-	-	-	-
f)	**Actuarial assumptions**						
	Discount Rate (p.a.)	7.73%	7.36%	7.73%	7.36%	7.73%	7.36%
	Expected rate of return on plan assets (p.a.)	7.36%	8.00%	-	-	-	-
	Rate of Salary increase (p.a.)	7.00%	5.00%	7.00%	5.00%	7.00%	5.00%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

		As at 31 March				
		2018	2017	2016	2015	2014
g)	Experience adjustments (Gratuity - funded)					
	Defined benefit obligation at end of the period	5,177.73	2,736.45	1,944.96	1,558.68	1,192.46
	Plan assets at the end of period	3,016.71	2,181.29	1,919.57	1,583.37	1,111.98
	Funded status surplus/ (deficit)	(2,161.02)	(555.16)	(25.38)	24.69	(80.48)
	Experience adjustments on plan liabilities (gain)/loss	(458.64)	(338.58)	(211.91)	(154.49)	(77.52)
	Experience adjustments on plan assets gain/(loss)	(160.54)	(166.11)	(39.21)	(32.19)	(21.77)

38 DISCLOSURE ON DERIVATIVES

The Company has outstanding foreign currency non-repatriable loans of US $ 1,648.41 Lakhs (31 March 2017: US $ 1,535.23 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on 31 March 2018.

During the year 2016-17, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from 1 April 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at 1April 2016. Loss of Rs. 2,182.88 lakhs (31 March 2017: Rs. 2,365.54 Lakhs) is charged to Statement of profit and loss for the year ended 31 March 2018.

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for the year ended 31 March 2018

Exposures in foreign currency:

		As at 31 March 2018				As at 31 March 2017			
		Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)	Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)
I.	Assets								
	Receivables (trade & other)	-	-	-	-	-	-	-	-
	Other Monetary assets (e.g. ICDs/ Loans given in FC)	-	-	-	-	-	-	-	-
	Total Receivables (A)	-	-	-	-	-	-	-	-
	Hedges by derivative contracts (B)	-	-	-	-	-	-	-	-
	Unhedged receivables (C = A - B)	-	-	-	-	-	-	-	-
II.	Liabilities								
	Payables (trade & other)	-	-	-	-	-	-	-	-
	Borrowings (ECB and Others)	USD	65.04	1,648.41	1,07,219.47	USD	64.85	1,535.23	99,559.95
	Total Payables (D)	-	-	1,648.41	1,07,219.47	-	-	1,535.23	99,559.95
	Hedges by derivative contracts (E)	-	-	1,648.41	1,07,219.47	-	-	1,535.23	99,559.95
	Unhedged Payables (F = D - E)	-	-	-	-	-	-	-	-

39 SECURITISATION / ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 22694 contracts (31 March 2017: 11,489 contracts) amounting to Rs.55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) for a consideration of Rs 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) and de-recognised the assets from the books.

b) In terms of the accounting policy stated in 2.4 (a), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

c) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.14,032.87 Lakhs (31 March 2017: Rs.11,500.70 Lakhs)

40 FRAUDS REPORTED DURING THE YEAR

There were 143 cases (31 March 2017: 176 cases) of frauds amounting to Rs.230.08 Lakhs (31 March 2017: Rs 397.06 Lakhs) reported during the year. The Company has recovered an amount of Rs.77.60 Lakhs (31 March 2017: Rs 125.98 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

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The gold loans outstanding as at 31 March 2018 was Rs. 1.67 lakhs (31 March 2017: Rs.2.17 lakhs) and these were fully provided for.

42 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company has incurred an expenditure of Rs.2,557.55 Lakhs (31 March 2017 : Rs. 2,905.66 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.145.99 Lakhs (31 March 2017 : Rs. 141.87 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 28).

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 2,706.75 lakhs (Previous year: Rs. 3,047.53 lakhs).

Notes to the Financial Statements

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b) Amount spent by the Company during the year :

Particulars		For the year ended 31 March 2018			For the year ended 31 March 2017		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i)	Construction / acquisition of any asset	-	-	-	-	-	-
ii)	On purpose other than (i) above	2,703.54	-	2,703.54	3,047.53	-	3,047.53

In addition to amount spent as per point (b) above, the Company has also spent Rs.12.25 lakhs as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013 and considering this salary cost, the total amount spent by the Company during the year stood at Rs.2,715.79 lakhs.

43 During the previous year, the Company had made a contribution of Rs.160.00 lakhs to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. However, there were no such contribution made during the current year.

44 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

45 RELATED PARTY DISCLOSURES:

i) As per Accounting Standard (AS) 18 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company** (entity by whom control is exercised)	Mahindra & Mahindra Limited
b)	**Subsidiary Companies:** (entities on whom control is exercised)	Mahindra Insurance Brokers Limited
		Mahindra Rural Housing Finance Limited
		Mahindra Asset Management Co.Pvt. Ltd.
		Mahindra Trustee Co. Pvt. Ltd.
c)	**Fellow Subsidiaries / Associate Companies:** (entities with whom the Company has transactions)	2 x 2 Logistics Private Limited
		Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Tech Mahindra Limited
		Bristlecone India Limited
		Mahindra Heavy Engines Limited
		Orizonte Business Solutions Limited
		Gromax Agri Equipment Limited
d)	**Joint Ventures:**	Mahindra Finance USA, Inc
e)	**Key Management Personnel:**	Mr. Ramesh Iyer
f)	**Relatives of Key Management Personnel** (where there are transactions)	Ms. Janaki Iyer
		Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramaniam

Notes to the Financial Statements

for the year ended 31 March 2018

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan income												
- 2 x 2 Logistics Private Limited	-	-	-	-	86.34	222.03	-	-	-	-	-	-
- Mahindra Retail Private Limited	-	-	-	-	-	0.46	-	-	-	-	-	-
Subvention / Disposal loss income												
- Mahindra & Mahindra Limited	6,771.00	3,786.03	-	-	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	1.51	-	-	-	-	-	-	-
Interest income												
- Mahindra Rural Housing Finance Limited	-	-	77.00	213.44	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	0.97	3.91	-	-	-	-	-	-
Income from sharing services												
- Mahindra Rural Housing Finance Limited	-	-	740.77	674.83	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	309.08	291.15	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	60.17	29.06	-	-	-	-	-	-	-	-
Dividend Income												
- Mahindra Rural Housing Finance Limited	-	-	1,248.61	927.68	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	383.38	328.61	-	-	-	-	-	-	-	-
Interest expense												
- Mahindra & Mahindra Limited	1,060.53	1,638.56	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	1,025.79	1,462.16	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	1,162.07	190.68	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	4.78	4.85	-	-
- Others	-	-	-	-	-	-	-	-	-	-	14.56	14.39
Other expenses												
- Mahindra & Mahindra Limited	2,684.84	2,334.64	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	3,212.27	2,826.86	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	980.63	1,056.10	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	96.26	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	109.52	79.11	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	178.38	184.15	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	131.63	-	-	-	-	-	-	-
- Others	-	-	-	-	68.45	38.88	-	-	-	-	-	-
Remuneration												
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	596.79	674.59	-	-
Purchase of fixed assets												
- Mahindra & Mahindra Limited	180.61	142.16	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	63.40	-	-	-	-	-	-	-
- Others	-	-	-	-	6.91	0.48	-	-	-	-	-	-
Sale of fixed assets												

Notes to the Financial Statements

for the year ended 31 March 2018

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Mahindra Rural Housing Finance Limited	-	-	-	13.98	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Limited	21.14	-	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	49.55	-	-	-	-	-	-	-
Investments made												
- Mahindra Rural Housing Finance Limited	-	-	13,000.00	11,375.00	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	2,900.00	3,045.00	-	-	-	-	-	-	-	-
- Mahindra Trustee Co. Pvt. Ltd.	-	-	-	35.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, Inc	-	-	-	-	-	-	1,662.44	3,111.84	-	-	-	-
- Orizonte Business Solutions Limited	-	-	-	-	700.00	-	-	-	-	-	-	-
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	-	-	3,650.00	2,925.00	-	-	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	61.48	17.07	-	-
- Others	-	-	-	-	-	-	-	-	-	-	193.61	1.00
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	-	-	8,315.00	4,375.00	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	55.01	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	180.74	-
Dividend paid												
- Mahindra & Mahindra Limited	6,988.98	11,648.31	-	-	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	17.84	25.46	-	-
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	40,000.00	50,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	8,970.00	8,525.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	10,000.00	30,000.00	-	-	-	-	-	-
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	25,000.00	55,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	7,145.00	9,250.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	30,000.00	-	-	-	-	-	-	-
Inter corporate deposits given	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits refunded												
- Mahindra Rural Housing Finance Limited	-	-	-	4,656.50	-	-	-	-	-	-	-	-
Issue of Share Capital (incl Securities premium)												
- Mahindra & Mahindra Limited	1,05,500.00	-	-	-	-	-	-	-	-	-	-	-
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	1,544.96	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	47.28	95.91	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	4.62	7.18	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	78.07	-	-	-	-	-	-

Notes to the Financial Statements

for the year ended 31 March 2018

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan given (including interest accrued but not due)												
- 2 x 2 Logistics Private Limited	-	-	-	-	-	2,114.46	-	-	-	-	-	-
- Mahindra Construction Co. Ltd.	-	-	-	-	334.33	334.33	-	-	-	-	-	-
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	-	-	-	-	113.38	113.38	-	-	-	-	-	-
Investments												
- Mahindra Rural Housing Finance Limited	-	-	36,252.22	23,252.22	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	45.16	47.98	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	12,000.00	9,100.00	-	-	-	-	-	-	-	-
- Mahindra Trustee Co. Pvt. Ltd.	-	-	50.00	50.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, Inc.	-	-	-	-	-	-	20,091.60	18,429.16	-	-	-	-
- Orizonte Business Solutions Limited	-	-	-	-	700.00	-	-	-	-	-	-	-
Subordinate debt held (including interest accrued but not due)												
- Mahindra Rural Housing Finance Limited	-	-	700.76	700.57	-	-	-	-	-	-	-	-
Payables												
- Mahindra & Mahindra Limited		882.92	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	1,483.26	952.54	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	339.52	283.38	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	96.26	-	-	-	-	-	-
- Mahindra USA, Inc.	-	-	-	-	192.38	10.60	-	-	-	-	-	-
- Others	-	-	-	-	61.23	10.26	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	40,388.84	25,260.01	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	2,035.25	201.09	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	10,375.48	30,171.61	-	-	-	-	-	-
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	-	-	8,042.61	13,957.65	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	63.30	57.72	-	-
- Others	-	-	-	-	-	-	-	-	-	-	201.03	187.87

Key Management Personnel as defined in Accounting Standard 18

Notes to the Financial Statements

for the year ended 31 March 2018

iii) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2018

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2017	Advances / investments	Repayments/ sale	Balance as on 31 March 2018
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	2,114.46	-	2,114.46	-
		2,114.46	**-**	**2,114.46**	**-**
(B) Unsecured redeemable non-convertible subordinate debentures					
Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	-	-	700.00
		700.00	**-**	**-**	**700.00**
(C) Investments					
Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	-	2.82	45.16
Mahindra Rural Housing Finance Ltd.	Subsidiary	23,252.22	13,000.00		36,252.22
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	9,100.00	2,900.00		12,000.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	-	-	50.00
Mahindra Finance USA, LLC	Joint Venture	18,429.16	1,662.44	-	20,091.60
Orizonte Business Solutions Limited	Fellow subsidiary	-	700.00	-	700.00
		50,879.36	**18,262.44**	**2.82**	**69,138.98**
Total		**53,693.82**	**18,262.44**	**2,117.28**	**69,838.98**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

As at 31 March 2017

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2016	Advances / investments	Repayments/ sale	Balance as on 31 March 2017
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	4,656.50	-	4,656.50	-
Mahindra Retail Pvt Ltd	Fellow subsidiary	4.90	-	4.90	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	1,865.14	674.00	424.68	2,114.46
		6,526.54	**674.00**	**5,086.08**	**2,114.46**
(B) Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	-	-	700.00
		700.00	**-**	**-**	**700.00**
(C) Investments					
Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	-	-	47.98
Mahindra Rural Housing Finance Ltd.	Subsidiary	11,877.22	11,375.00	-	23,252.22
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	6,055.00	3,045.00	-	9,100.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	15.00	35.00	-	50.00
Mahindra Finance USA, LLC	Joint Venture	15,317.32	3,111.84	-	18,429.16
		33,312.52	17,566.84	-	50,879.36
Total		**40,539.06**	**18,240.84**	**5,086.08**	**53,693.82**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

Notes to the Financial Statements

for the year ended 31 March 2018

46 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
i)	**Contingent liabilities**		
a)	Claims against the Company not acknowledged as debts	14,952.43	15,803.21
b)	Guarantees	23,249.37	21,037.84
		38,201.80	**36,841.05**
ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account	791.64	469.77
	Other commitments	87,026.20	27,585.74
		87,817.84	**28,055.51**
Total		**1,26,019.64**	**64,896.56**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

47 MICRO AND SMALL ENTERPRISES :

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
a)	Principal amount due and remaining unpaid to suppliers as at the year end	-	-
b)	Interest accrued and due to suppliers on the above amount as at the year end	-	-
c)	Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e)	Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f)	Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g)	Interest accrued and remaining unpaid at the year end	-	-
h)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
		-	-

Notes to the Financial Statements

for the year ended 31 March 2018

48 SECURED LONG-TERM BORROWINGS:

i) Secured non-convertible debentures

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	8.70% - 9.00%	1,79,500.00	-	1,79,500.00
Maturing between 3 years to 5 years	7.50% - 8.95%	51,700.00	-	51,700.00
Maturing between 1 year to 3 years	7.29% - 9.45%	8,91,860.00	-	8,91,860.00
Maturing within 1 year	7.53% - 10.25%	-	5,04,050.00	5,04,050.00
Total at face value		**11,23,060.00**	**5,04,050.00**	**16,27,110.00**
Less: Unamortised discounting charges		6,517.56	337.59	6,855.15
Total redemption value, net of unamortized discounting charges		**11,16,542.44**	**5,03,712.41**	**16,20,254.85**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	8.70% - 9.00%	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 at face value		**11,77,330.00**	**2,43,380.00**	**14,20,710.00**
Less: Unamortised discounting charges		4,130.93	1,617.47	5,748.40
Total redemption value, net of unamortized discounting charges		**11,73,199.07**	**2,41,762.53**	**14,14,961.60**

ii) Secured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
1) Repayable on maturity :				
Maturing between 1 year to 3 years	8.25% - 8.35%	64,000.00	-	64,000.00
Maturing within 1 year	8.00% - 8.45%	-	50,000.00	50,000.00
Total for repayable on maturity		**64,000.00**	**50,000.00**	**1,14,000.00**
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	7.85%	10,000.00	-	10,000.00
Total		**10,000.00**	**-**	**10,000.00**

Notes to the Financial Statements

for the year ended 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
ii) Quarterly -				
Maturing between 3 years to 5 years	7.90% - 8.30%	51,785.71	-	51,785.71
Maturing between 1 year to 3 years	7.90% - 8.35%	1,11,607.14	-	1,11,607.14
Maturing within 1 year	8.10% - 8.35%	-	79,404.77	79,404.77
Total		**1,63,392.85**	**79,404.77**	**2,42,797.62**
iii) Half yearly -				
Maturing beyond 3 years to 5 years	8.15%	1,00,000.00	-	1,00,000.00
Maturing between 1 year to 3 years	7.45% - 8.35%	2,25,000.00	-	2,25,000.00
Maturing within 1 year	7.45% - 8.50%	-	40,000.00	40,000.00
Total		**3,25,000.00**	**40,000.00**	**3,65,000.00**
iv) Yearly -				
Maturing between 3 years to 5 years	7.90% - 8.20%	40,000.00	-	40,000.00
Maturing between 1 year to 3 years	7.90% - 8.75%	1,15,166.67	-	1,15,166.67
Maturing within 1 year	8.05% - 8.75%	-	1,08,167.33	1,08,167.33
Total		**1,55,166.67**	**1,08,167.33**	**2,63,334.00**
Total for repayable in installments		**6,53,559.52**	**2,27,572.10**	**8,81,131.62**
Total (1+2)		**7,17,559.52**	**2,77,572.10**	**9,95,131.62**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
1) Repayable on maturity :				
Maturing between 1 year to 3 years	8.05% - 8.55%	74,000.00	-	74,000.00
Maturing within 1 year	8.55% - 9.70%	-	35,000.00	35,000.00
Total for repayable on maturity		**74,000.00**	**35,000.00**	**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	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%	36,666.66		36,666.66
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%	-	48,333.34	48,333.34
Total		**1,78,333.66**	**48,333.34**	**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**

Notes to the Financial Statements

for the year ended 31 March 2018

iii) Foreign currency loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 0.86% - 1.92% and fixed rate of 3.31%	59,616.55	-	59,616.55
Maturing within 1 year	LIBOR plus spread 2.00% - 2.20%	-	47,602.92	47,602.92
Total		**59,616.55**	**47,602.92**	**1,07,219.47**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% - 2.20%	47,460.87	-	47,460.87
Maturing within 1 year	LIBOR plus spread 1.07% - 2.20%	-	52,099.08	52,099.08
Total		**47,460.87**	**52,099.08**	**99,559.95**

49 UNSECURED BORROWINGS:

i) Subordinated debts (long-term)

As at 31 March 2018

A) Issued on private placement basis:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	8.90% - 9.70%	51,780.00	-	51,780.00
Maturing between 3 years to 5 years	9.80% - 10.50%	17,050.00	-	17,050.00
Maturing between 1 year to 3 years	9.50% - 10.02%	41,720.00	-	41,720.00
Maturing within 1 year	11.75%	-	980.00	980.00
Sub-total		**1,10,550.00**	**980.00**	**1,11,530.00**

B) Issued to retail investors through public issue:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	7.75% - 9.00%	2,09,587.35	-	2,09,587.35
Maturing between 3 years to 5 years	8.34% - 8.70%	5,465.78	-	5,465.78
Sub-total		**2,15,053.13**	**-**	**2,15,053.13**
Total (A+B)		**3,25,603.13**	**980.00**	**3,26,583.13**

Notes to the Financial Statements

for the year ended 31 March 2018

As at 31 March 2017

A) Issued on private placement basis:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	8.90% - 10.15%	58,780.00	-	58,780.00
Maturing between 3 years to 5 years	9.50% - 10.50%	37,270.00	-	37,270.00
Maturing between 1 year to 3 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing within 1 year	10.50% - 12.00%	-	6,880.00	6,880.00
Sub-total		**1,11,530.00**	**6,880.00**	**1,18,410.00**

B) Issued to retail investors through public issue:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	8.44% - 9.00%	94,534.22	-	94,534.22
Maturing between 3 years to 5 years	8.34% - 8.70%	5,465.78	-	5,465.78
Sub-total		**1,00,000.00**	**-**	**1,00,000.00**
Total (A+B)		**2,11,530.00**	**6,880.00**	**2,18,410.00**

ii) Unsecured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity :				
Maturing within 1 year	7.76%	10,000.00	-	10,000.00
Sub-total		**10,000.00**	**-**	**10,000.00**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity :				
Maturing within 1 year	7.50% - 8.00%	7,400.00	-	7,400.00
Sub-total		**7,400.00**	**-**	**7,400.00**

Notes to the Financial Statements

for the year ended 31 March 2018

iii) Inter-corporate deposits (ICDs)

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date		Long-term			
	Rate range	(a) Short-term	(b) Non-current	(c) Current Maturities	Total
Repayable on maturity :					
Maturing within 1 year -					
Related parties	6.50% - 8.65%	52,025.00	-	-	52,025.00
Others	6.50% - 8.65%	5,000.00	-	-	5,000.00
Total		**57,025.00**	**-**	**-**	**57,025.00**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date		Long-term			
	Rate range	(a) Short-term	(b) Non-current	(c) Current Maturities	Total
Repayable on maturity :					
Maturing within 1 year -					
Related parties	6.50% - 7.50%	55,200.00	-	-	55,200.00
Others		-	-	-	-
Total		**55,200.00**	**-**	**-**	**55,200.00**

iv) Fixed deposits

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date		Long-term			
	Rate range	(a) Short-term	(b) Non-current	(c) Current Maturities	Total
Repayable on maturity :					
Maturing between 3 years to 5 years	7.35% - 8.80%	-	24,058.99	-	24,058.99
Maturing between 1 year to 3 years	7.30% - 10.10%	-	1,38,227.52	-	1,38,227.52
Maturing within 1 year	7.30% - 10.10%	29,756.58	-	1,21,694.04	1,51,450.62
Total		**29,756.58**	**1,62,286.51**	**1,21,694.04**	**3,13,737.13**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date		Long-term			
	Rate range	(a) Short-term	(b) Non-current	(c) Current Maturities	Total
Repayable on maturity :					
Maturing between 3 years to 5 years	7.35% - 10.10%	-	31,748.40	-	31,748.40
Maturing between 1 year to 3 years	7.35% - 10.10%	-	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**

Notes to the Financial Statements

for the year ended 31 March 2018

50 SHORT-TERM BORROWINGS (SECURED)

i) Cash credit facilities with banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	8.05% - 8.30%	24,805.96
Total		**24,805.96**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90% - 12.35%	62,090.05
Total		**62,090.05**

ii) Secured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90% - 8.15%	70,000.00
Total		**70,000.00**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90% - 12.35%	70,600.00
Total		**70,600.00**

iii) Commercial papers

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	7.20% - 7.90%	4,22,500.00
Less: Unamortised discounting charges		5,597.68
Total redemption value, net of unamortized discounting charges		**4,16,902.32**

Notes to the Financial Statements

for the year ended 31 March 2018

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	6.65% - 7.31%	3,65,500.00
Less: Unamortised discounting charges		7,455.19
Total redemption value, net of unamortized discounting charges		**3,58,044.81**

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 31 March 2018		As at 31 March 2017	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:					
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :**				
(a)	Debentures : Secured	17,33,174.48	-	14,97,388.91	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	10,78,385.70	-	8,07,909.69	-
(d)	Inter-corporate loans and Other Borrowings	57,876.07	-	55,632.72	-
(e)	Commercial Paper	4,16,902.32	-	3,58,044.81	-
(f)	Public Deposits	3,04,074.32	-	4,21,571.95	-
(g)	Fixed Deposits accepted from Corporates	31,112.09	-	48,898.50	-
(h)	FCNR Loans	1,07,260.97	-	99,654.21	-
(i)	Subordinate debt (including NCDs issued through Public issue)	3,45,322.48	-	2,31,130.30	-
(j)	Other Short Term Loans and credit facilities from banks	24,891.77	-	62,090.05	-
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
(a)	In the form of Unsecured debentures	-	-	-	-
(b)	In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	-	-	-	-
(c)	Other public deposits	3,04,074.32	-	4,21,571.95	-

Notes to the Financial Statements

for the year ended 31 March 2018

Rs. in lakhs

	As at 31 March 2018 Amount Outstanding	As at 31 March 2017 Amount Outstanding
Asset side:		
3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured	183.26	313.04
(b) Unsecured	2,50,507.08	1,90,182.42
4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	-
(b) Operating lease	0.49	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities :		
(a) Loans where assets have been repossessed	12,611.07	15,278.93
(b) Loans other than (a) above	46,08,283.30	38,19,078.69
5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	10,275.00	7,775.01
(iii) Units of mutual funds	500.00	27,500.00
(iv) Government Securities	-	-
(v) Investments in Certificate of Deposits with Banks	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	700.00	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Certificate of Deposits with Banks	-	-
(vi) Commercial Papers	30,050.68	20,858.36
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	6,200.00	8,975.00
(iii) Units of mutual funds	200.00	200.00
(iv) Government Securities	70,251.08	70,418.03
2. Unquoted :		
(i) Shares : (a) Equity	69,139.98	50,880.36
(b) Preference	-	-
(ii) Debentures and Bonds	-	700.00
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-

Notes to the Financial Statements

for the year ended 31 March 2018

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Rs. in lakhs

Category	As at 31 March 2018			As at 31 March 2017		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	2,114.46	-	2,114.46
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	46,21,078.12	2,50,507.08	48,71,585.20	38,32,556.20	1,90,182.42	40,22,738.62
Total	**46,21,078.12**	**2,50,507.08**	**48,71,585.20**	**38,34,670.66**	**1,90,182.42**	**40,24,853.08**

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Rs. in lakhs

Category	As at 31 March 2018		As at 31 March 2017	
	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	49,047.38	49,047.38	33,150.20	33,150.20
(b) Companies in the same group	20,792.60	20,792.60	18,430.16	18,430.16
(c) Other related parties	-	-	-	-
2. Other than related parties	1,21,109.19	1,17,476.76	1,42,591.04	1,35,726.40
Total	**1,90,949.17**	**1,87,316.74**	**1,94,171.40**	**1,87,306.76**

8) Other information:

Rs. in lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
i) Gross Non-Performing Assets :		
a) Related parties	348.01	348.01
b) Other than related parties	4,03,881.91	3,53,066.53
ii) Net Non-Performing Assets :		
a) Related parties	-	-
b) Other than related parties	1,97,063.34	1,59,967.91
iii) Assets acquired in satisfaction of debt :	-	-

Notes to the Financial Statements

for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
CRAR (%) #	21.9%	17.2%
CRAR-Tier I Capital (%)	16.0%	12.8%
CRAR-Tier II Capital (%)	5.9%	4.4%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	1,15,053.13	1,00,000.00
Amount raised by issue of Perpetual Debt Instruments	-	-

In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend as liability for the current financial year and corresponding previous financial year. However, the Company has adjusted the amount of proposed dividend amounting to Rs.29,378.43 Lakhs including dividend distribution tax for the current financial year (31 March 2017: 16,097.30 Lakhs) in determining capital funds for computation of Capital Adequacy ratio as at March 31, 2018.

II) Investments

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,67,225.14	1,68,877.60
(b) Outside India	20,091.60	18,429.16
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,67,225.14	1,68,877.60
(b) Outside India	20,091.60	18,429.16
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(i) The notional principal of swap agreements	43,674.70	9,687.50
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the Company upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	N.A.	N.A.
(v) The fair value of the swap book (Asset / (Liability))	(8.11)	(2.44)

Notes to the Financial Statements

for the year ended 31 March 2018

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in lakhs

		As at 31 March 2018		As at 31 March 2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	108674.7		102592.50	
ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	-	14.86	-	-
	(b) Liability (-) Estimated loss	(2,022.28)	(22.97)	(618.23)	(2.44)
iii)	Credit Exposure [2]	-	-	-	-
iv)	Unhedged Exposures	-	-	-	-

Notes to the Financial Statements

for the year ended 31 March 2018

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in lakhs

Sr. no.	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
1)	No of SPVs sponsored by the NBFC for securitisation transactions	14.00	17.00
2)	Total amount of securitised assets as per books of the SPVs sponsored	75,726.36	81,804.49
3)	Total amount of exposures retained by the NBFC to		
	comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss-		
	Credit enhancement in form of corporate undertaking	22,336.29	21,037.84
	Others	-	-
	b) On-balance sheet exposures		
	First loss-		
	Cash collateral term deposits with banks	3,200.00	16,958.00
	Others-		
	Retained interest in pass through certificates (excluding accrued interest)	36.12	151.77
4)	Amount of exposures to securitisation transactions		
	other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	Excess Interest Spread	15,046.45	21,053.50
	(ii) Exposure to third party securitisations		
	First loss		
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others-	-	-
	Cash collateral term deposits with banks	-	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

Notes to the Financial Statements

for the year ended 31 March 2018

c) Details of Assignment transactions undertaken by NBFCs

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
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

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	69,139.98	50,880.36
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**69,139.98**	**50,880.36**

Notes to the Financial Statements

for the year ended 31 March 2018

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2017-18, 43% (31 March 2017: 47%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

As at 31 March 2018, the amount of unsecured advances stood at Rs. 2,42,125.35 Lakhs (31 March 2017: Rs.1,72,370.24 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note 45)

d) Rating assigned by credit rating agencies and migration of ratings during the year

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

Credit Rating -

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/ Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 2.3 under Summary of Significant Accounting Policies)

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Additional Disclosures :

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Notes to the Financial Statements

for the year ended 31 March 2018

X) Provisions and Contingencies

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	-	-
Provision towards non-performing assets	13,697.64	44,233.45
Provision made towards Income tax	54,312.94	36,350.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	(9.27)	(0.94)
Provision for Standard Assets	3,208.00	2,180.00

Draw Down from Reserves

Year ended March 31, 2018 : Nil

Year ended March 31, 2017 : Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total Deposits of twenty largest depositors	35,682.31	47,232.85
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	10.6%	10.0%

b) Concentration of Advances

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total Advances to twenty largest borrowers	1,70,572.76	1,22,204.95
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	3.4%	2.9%

c) Concentration of Exposures

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total Exposure to twenty largest borrowers / customers	1,70,572.76	1,22,204.95
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.4%	2.9%

d) Concentration of NPAs

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total Exposure to top four NPA accounts	7,798.75	6,122.71

Notes to the Financial Statements

for the year ended 31 March 2018

e) Sector-wise NPAs

Rs. in lakhs

Particulars		Year ended 31 March 2018 Percentage of NPAs to Total Advances in that sector	Year ended 31 March 2017 Percentage of NPAs to Total Advances in that sector
i)	Agriculture & allied activities	12.1%	11.1%
ii)	Auto loans	7.9%	8.5%
iii)	MSME/	3.0%	3.0%
iv)	Corporate borrowers	10.7%	7.5%
v)	Unsecured personal loans	10.5%	16.4%
vi)	Other personal loans	-	-
vii)	Services	-	-

f) Movement of NPAs

Rs. in lakhs

		Year ended 31 March 2018	Year ended 31 March 2017
i)	Net NPAs to Net Advances (%)	4.1%	4.0%
ii)	Movement of NPAs (Gross)		
	(a) Opening balance	3,53,414.54	2,72,724.55
	(b) Additions during the year	5,13,649.43	4,26,426.96
	(c) Reductions during the year	4,62,834.05	3,45,736.96
	(d) Closing balance	**4,04,229.92**	**3,53,414.54**
iii)	Movement of Net NPAs		
	(a) Opening balance	1,59,967.91	1,23,511.37
	(b) Additions during the year	3,20,209.10	2,60,781.39
	(c) Reductions during the year	2,83,113.67	2,24,324.85
	(d) Closing balance	**1,97,063.34**	**1,59,967.91**
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,93,446.63	1,49,213.18
	(b) Provisions made during the year	1,93,440.33	1,65,645.57
	(c) Write-off / write-back of excess provisions	1,79,720.38	1,21,412.12
	(d) Closing balance	**2,07,166.58**	**1,93,446.63**

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets Year ended 31 March 2018	Total Assets Year ended 31 March 2017
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	3,40,939.06	2,97,127.58

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored -	
Domestic	**Overseas**
N/A	N/A

Notes to the Financial Statements

for the year ended 31 March 2018

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2018

Rs. in lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year months up to 3 years	Over 3 year months up to 5 years	Over 5 years	Total
Deposits	12,796.72	15,669.10	13,312.83	46,707.86	63,328.18	1,38,227.52	24,058.99	-	3,14,101.20
Advances	3,72,496.86	2,07,802.09	1,85,594.57	4,54,028.21	8,09,615.98	21,11,565.64	5,11,158.92	2,02,982.88	48,55,245.15
Reserves & surplus	-	-	-	-	-	-	-	9,18,019.18	9,18,019.18
Investments	5,766.55	2,749.94	6,599.35	7,193.20	19,216.63	11,081.74	6,489.50	1,28,219.83	1,87,316.74
Borrowings	1,02,467.86	2,45,514.47	2,96,396.85	1,34,717.33	4,87,095.32	15,47,642.20	2,66,001.49	4,40,869.62	35,20,705.14
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	23,960.84	-	23,642.08	59,616.55	-	-	1,07,219.47

As at March 31, 2017

Rs. in lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year months up to 3 years	Over 3 year months up to 5 years	Over 5 years	Total
Deposits	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	4,03,218.09	6,75,874.67	17,51,899.76	3,92,398.33	1,336.61	38,59,268.49
Reserves & surplus	-	-	-	-	-	-	-	6,36,423.59	6,36,423.59
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

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
(a)	No. of complaints pending at the beginning of the year	2	5
(b)	No. of complaints received during the year	2,136	93
(c)	No. of complaints redressed during the year	1,823	96
(d)	No. of complaints pending at the end of the year	315	2

During the current year, the Company has included customer complaints received online through it's website.

Notes to the Financial Statements

for the year ended 31 March 2018

53 The disclosures regarding details of Specified Bank Notes (SBNs) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding disclosure as required under notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been reproduced here below:

Rs. in lakhs

	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	3,336.73	263.81	3,600.54
Add : Permitted Receipts	10.78	81,369.76	81,380.54
Less : Permitted Payments	-	12.65	12.65
Less : Amount deposited in Banks	3,347.51	79,176.19	82,523.70
Closing cash in hand as on December 30, 2016	-	2,444.73	2,444.73

54 Previous year figures have been regrouped / reclassified, wherever found necessary, to conform to current year classification.

Signatures to significant accounting policies and notes to the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Consolidated Financial Statements



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Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 together referred to as the "Group") and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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 CONSOLIDATED FINANCIAL STATEMENTS

The Holding 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 Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Group including its joint venture 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. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of the Group and its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the 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 thereunder.

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 Consolidated Financial Statements are free from material misstatement.

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 Holding 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.

We are also responsible to conclude on the appropriateness of management's use of the going

concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an Group and its joint venture to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, 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 and its joint venture as at 31 March 2018, and their consolidated profits and consolidated statement of cash flows for the year ended on that date.

OTHER MATTER

The Consolidated Financial Statements of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2017.

We did not audit the financial statements of three subsidiaries included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 45,658.44 lakhs as at 31 March 2018, total revenue of Rs. 26,859.60 lakhs and net cash inflows of Rs. 719.28 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

We did not audit the financial statements of the joint venture included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 340,939.06 lakhs as at 31 March 2018, total revenue of Rs. 17,753.18 lakhs and net cash inflows of Rs. 170.76 lakhs for the year then ended. These financial statements have been furnished to us by management and our report on the Consolidated Financial Statements in so far as it relates to the amounts included in respect of this joint venture is based solely on such financial statements certified by management.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'other matter' paragraph, we report, to the extent applicable, 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 aforesaid Consolidated Financial Statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) 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 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;

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 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 Group companies, is disqualified as on 31 March 2018 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 subsidiaries, incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture, as noted in the 'Other matter' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint venture – Refer Note 47 to the Consolidated Financial Statements;

ii. 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 long-term contracts including derivative contracts - Refer Note 45 to the Consolidated Financial Statements in respect of such items as it relates to the Group and joint venture; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.

iv. The disclosures in the Consolidated Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Consolidated Financial Statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Annexure A to the Independent Auditor's Report - 31 March 2018

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 the Company as of and for the year ended 31 March 2018, 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 subsidiaries incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, 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 Holding Company and its subsidiaries incorporated 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 31 March 2018, 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 issued by the ICAI.

OTHER MATTER

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies, which are incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 25 April 2018

Consolidated Balance Sheet

as at 31 March 2018

Rs. in lakhs

Particulars	Note no.	As at 31 March 2018	As at 31 March2017
A. EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share capital	3	12,289.54	11,300.83
b) Reserves and surplus	4	9,79,231.39	6,84,714.72
		9,91,520.93	**6,96,015.55**
2) Minority Interest		14,384.32	9,980.11
3) Non-current liabilities			
a) Long-term borrowings	5	28,89,497.52	24,91,079.04
b) Other long-term liabilities	6	54,084.09	42,741.10
c) Long-term provisions	7	83,378.75	62,168.69
		30,26,960.36	**25,95,988.83**
4) Current liabilities			
a) Short-term borrowings	8	7,77,187.24	7,14,064.72
b) Trade payables -	9		
(i) Due to micro and small enterprises		-	-
(ii) Due to other than micro and small enterprises		1,01,424.54	60,687.84
c) Other current liabilities	10	12,57,414.02	10,73,701.93
d) Short-term provisions	11	1,84,955.39	1,71,853.34
		23,20,981.19	**20,20,307.83**
Total Equity and Liabilities		**63,53,846.80**	**53,22,292.32**
B. ASSETS			
1) Non-current assets			
a) Fixed Assets	12		
i) Property, Plant and Equipments		13,739.60	12,931.37
ii) Intangible assets		1,453.40	407.81
iii) Capital work-in-progress		-	55.67
iv) Intangible assets under development		45.60	58.21
b) Non-current investments	13	77,661.68	79,794.03
c) Deferred tax assets (net)	14	82,318.42	75,717.77
d) Long-term loans and advances	15	34,88,224.42	28,12,902.15
e) Other non-current assets	16	5,882.63	12,124.28
		36,69,325.75	**29,93,991.29**
2) Current assets			
a) Current investments	17	41,161.05	57,598.21
b) Trade receivables	18	6,045.98	2,295.93
c) Cash and bank balances	19	48,537.79	60,387.54
d) Short-term loans and advances	20	25,77,808.78	22,01,635.67
e) Other current assets	21	10,967.45	6,383.68
		26,84,521.05	**23,28,301.03**
Total		**63,53,846.80**	**53,22,292.32**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

Consolidated Statement of Profit and Loss

for year ended 31 March 2018

Rs. in lakhs

Particulars		Note no.	Year ended 31 March 2018	Year ended 31 March 2017
1	Revenue from operations	22	8,53,314.64	7,14,620.43
2	Other income	23	4,035.03	5,444.65
3	**Total Revenue (1+2)**		**8,57,349.67**	**7,20,065.08**
4	**Expenses:**			
	Employee benefits expense	24	1,15,714.13	88,663.96
	Finance costs	25	3,42,631.56	3,18,617.44
	Depreciation and amortization expense	26	5,521.14	5,372.32
	Loan provisions and write offs	27	1,32,735.09	1,38,955.10
	Other expenses	28	99,647.82	84,680.81
	Total Expenses		**6,96,249.74**	**6,36,289.63**
5	**Profit before exceptional items and taxes (3-4)**		1,61,099.93	83,775.45
6	Exceptional items (net income)	29	5,073.72	-
7	**Profit before tax (5+6)**		**1,66,173.65**	**83,775.45**
8	**Tax expense:**			
	Current tax		67,631.96	46,353.48
	Deferred tax		(6,601.69)	(15,548.01)
			61,030.27	**30,805.47**
9	**Profit for the year before Minority Interest (7-8)**		**1,05,143.38**	**52,969.98**
10	Minority Interest		2,752.25	1,806.31
11	**Profit for the year (9 - 10)**		**1,02,391.13**	**51,163.67**
12	Earnings per equity share (Rupees) :	33 (h)		
	(Face value - Rs.2/- per share)			
	(1) Basic		17.62	9.06
	(2) Diluted		**17.59**	**9.00**
Summary of significant accounting policies		2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

Consolidated Cash Flow Statement

for the year ended 31 March 2018

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	1,61,099.93	83,775.45
Add/(Less):		
Non Cash Expenses :		
Depreciation and amortisation expense	5,521.15	5,372.32
Exchange fluctuation	50.63	(695.38)
Provision for Non-performing assets	20,643.74	49,904.87
Bad debts and write offs	1,08,494.65	86,325.81
General provision for Standard assets	3,500.19	2,725.36
Higher provision & provision for diminution in the fair value of restructured advances	(9.27)	(0.94)
Employee compensation expense on account of ESOP Scheme	755.03	879.82
	1,38,956.12	**1,44,511.86**
Less:		
Income considered separately :		
Income on investing activities	(7,445.91)	(6,481.81)
Profit on sale of assets	(51.10)	(9.76)
Profit on sale of current investments	(114.32)	(308.35)
Income from Assignment / Securitisation transactions	(14,199.95)	(11,936.72)
	(21,811.28)	**(18,736.64)**
Operating profit before working capital changes	**2,78,244.77**	**2,09,550.67**
Add/(Less) : Working capital changes		
Decrease in interest accrued others	1,504.99	5,087.29
(Increase)/Decrease in Trade receivables	(2,449.63)	483.14
(Increase) in Loans and advances	(11,97,452.25)	(8,90,494.65)
	(11,98,396.89)	**(8,84,924.22)**
Add: Increase in current liabilities	**34,369.05**	**81,932.99**
	(11,64,027.84)	**(8,02,991.23)**
Cash used in operations	**(8,85,783.07)**	**(5,93,440.56)**
Advance taxes paid	**(67,727.13)**	**(53,253.93)**
	(9,53,510.20)	**(6,46,694.49)**
Net Cash Used in Operating Activities (A)	**(9,53,510.20)**	**(6,46,694.49)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets / software	(7,050.39)	(6,283.46)
Proceeds from sale of fixed assets	167.30	118.61
Purchase of investments other than Subsidiaries and Joint Ventures	(6,71,934.48)	(5,47,068.05)
Investments in / maturity of term deposits with banks (net)	12,191.81	12,452.00
Sale of investments	6,90,618.32	5,23,888.04
Income received from investing activities	10,016.49	7,153.08
Increase in earmarked balances with banks	(23.26)	(0.53)
Proceeds from sale of long-term investments (in equity shares of Mahindra Insurance Brokers Limited)	6,500.00	-
Net Cash Generated From / (Used In) Investing Activities (B)	**40,485.79**	**(9,740.31)**

Consolidated Cash Flow Statement

for the year ended 31 March 2018

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares (net of issue expenses)	2,09,789.87	1,612.00
Expenses incurred on issuance of Non-convertible debentures	(1,871.14)	(1,653.42)
Proceeds from long-term borrowings	13,51,248.78	11,77,979.12
Repayment of long-term borrowings	(6,26,038.22)	(6,55,496.36)
Proceeds from short-term borrowings	47,46,276.13	54,41,782.70
Repayment of short-term borrowings	(46,57,816.09)	(52,60,931.01)
Decrease in loans repayable on demand and cash credit/overdraft facilities with banks (net)	(48,784.27)	(4,859.70)
Decrease in Fixed deposits (net)	(1,19,894.01)	(38,680.21)
Proceeds from Assignment / Securitisation transactions (in the form of EIS, Collection charges recovered)	69,360.66	45,708.90
Dividend paid (including tax on dividend)	(18,357.66)	(28,868.21)
Net Cash Generated From / (Used In) Financing Activities (C)	**9,03,914.05**	**6,76,593.81**
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	**(9,110.36)**	**20,159.01**
Cash and Cash Equivalents at The Beginning of the year	**43,726.44**	**23,567.43**
Cash and Cash Equivalents at the end of the year (Refer Note No. 19)	**34,616.08**	**43,726.44**
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents at the end of the year		
- Cash on hand	1,755.07	2,426.02
- Cheques and drafts on hand	1,264.80	1,258.49
- Balances with banks in current accounts	31,571.21	40,041.93
- Term deposits with original maturity up to 3 months	25.00	-
Total	**34,616.08**	**43,726.44**

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statements'.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

1 CORPORATE OVERVIEW

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated and headquartered in Mumbai, India is a publicly held Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The company is a subsidiary of Mahindra & Mahindra Limited.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest as at 31 March 2018	Proportion of Ownership Interest as at 31 March 2017
Mahindra Insurance Brokers Limited (MIBL)	India	80.00%	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	89.00%	87.50%
Mahindra Asset Management Company Pvt. Ltd (MAMCL)	India	100.00%	100.00%
Mahindra Trustee Company Pvt. Ltd (MTCPL)	India	100.00%	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%	49.00%

Mahindra Insurance Brokers Ltd. (MIBL) is incorporated and headquartered in Mumbai. MIBL was granted a Direct Broker's License by the Insurance Regulatory and Development Authority (IRDA) on 18 May 2004, for undertaking direct insurance broking in Life and Non-Life businesses. MIBL has empaneled itself with various public and private insurance companies to offer customized solutions to customers. In September 2011, MIBL was granted a Composite Broker license by the IRDA, thus foraying into Reinsurance Broking business along with Direct Broking.

Mahindra Rural Housing Finance Limited (MRHFL) is a Housing Finance Company registered with the National Housing Bank (the 'NHB'), and is engaged in providing home loans primarily in rural and semi-urban areas.

Mahindra Asset Management Company Private Limited (MAMCL), was incorporated under the Companies Act, 1956 on June 20, 2013. MAMCL is incorporated to function as an Investment Manager to "Mahindra Mutual Fund" and has received a license from SEBI on February 4, 2016. MAMCL earns fees from investment management activities of the schemes of Mahindra Mutual Fund.

Mahindra Trustee Company Private Limited (MTCPL) was incorporated under the Companies Act, 1956 on July 10, 2013. MTCPL is incorporated to function as a Trustee to Mahindra Mutual Fund and has been granted a license by SEBI to act as a Trustee. The Company has entered into an Investment Management Agreement with Mahindra Asset Management Company Private Limited (`Investment Manager') for managing the schemes of Mahindra Mutual Fund.

Mahindra Finance USA LLC (MFUSA), a limited liability company, is owned 51% by De Lage Landen Financial Services, Inc. (DLL), a Michigan corporation, and 49% by Mahindra & Mahindra Financial Services Limited (MMFSL, the Company), an India corporation (collectively, the Members). MFUSA is incorporated in the state of Delaware and has its headquarters at 7171 Highway 6 N, Houston, Texas. DLL and MMFSL entered into a Limited Liability Company Agreement dated September 27, 2010 (the Agreement), which created MFUSA and sets forth the structure, term, and allocation of profits and losses for each of the Members. MFUSA's primary businesses are retail and inventory financing of agricultural equipment throughout the United States.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Principles of Consolidation:

The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

2.2 Basis for preparation of Consolidated financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the Subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

prudential basis (refer note no. 36 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

2.3 Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.4 Revenue recognition :

a) General :

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Interest Income from retail loan transactions is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying the interest rate implicit in such contracts. Interest income on all other assets is recognised on time proportion basis.

Service charges and other fees on loan transactions are recognised at the commencement of the contract.

Income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

In respect of MMFSL, income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest, recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

In respect of MIBL, Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of Service Tax / GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

In respect of MRHFL, Income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest, recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

In respect of MAMCL, Investment Management Fees are recognised on an

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

accrual basis and are billed to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the MAMCL. Portfolio Management Fees and Fees for Advisory Services will be recognised on an accrual basis when the services are rendered and an enforceable right to receive the fees has arisen in accordance with the terms of the Agreement between MAMCL and its clients.

In respect of MTCPL, Trustee fees are recognised as revenue when the trustee services are performed for the schemes of Mahindra Mutual Fund.

The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non-accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

b) Commission and brokerage income :
Commission and brokerage income earned for the services rendered are recognised as and when they are due.

c) Subvention income :
Subvention received from manufacturers/ dealers on vehicles financed is booked over the period of the contract. The unamortized balance is being disclosed as part of liabilities. For contracts foreclosed / securitised / assigned, balance of subvention income is recognised as income at the time of such foreclosure / securitization / assignment.

d) Insurance consultancy fees :
Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

2.5 Income from securitization / assignment transactions :

a) Securitisation transactions:
Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

b) Assignment transactions:
Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 15 and 20).

The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end based on the formula prescribed as per the Circular dated 21 August 2012. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 6 and 10).

2.6 Income from investments:

- Dividend from investments is accounted for as income when the right to receive dividend is established.

- Interest income is accounted on accrual basis.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

- Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

- Profit/ loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.7 Fixed assets, depreciation and amortization:

a) Property, Plant & Equipment (PPE):

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

Assets given on operating lease (new and refurbished vehicles) are shown at the cost of acquisition less accumulated depreciation. These have been grouped under the head 'Vehicles given on operating lease' forming part of Company's PPE in note no.12.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed as long-term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

b) Depreciation on PPE:

Depreciation on PPE including new assets given on operating lease is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no. 12.

Used and Refurbished assets given on operating lease are depreciated at the rate of 15% on SLM over the remaining useful life of these assets.

Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets :

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

2.8 Foreign exchange transactions and translations :

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items, which are measured in terms of historical cost denominated in

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets liabilities

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

As per the risk management policy, the Company has taken currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

2.9 Investments :

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more, based on intention of management at the time of purchase, are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Non-current investments in structured instruments are carried at cost less principal repayments till reporting date.

Non-current investments are carried at cost comprising of acquisition and incidental expenses less diminution in value. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary, determined separately for each individual non-current investment.

Any premium on acquisition is amortised over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Current investments are carried at lower of cost and net realisable value. The comparison of cost and net realisable value is done separately in respect of each investment.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

2.10 Loans against assets:

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

2.11 Employee benefits:

a) Contribution to Provident Fund and National Pension Scheme -

Company's contribution paid/payable during the year to Provident Fund and National Pension Scheme is recognised in the Statement of profit and loss.

b) Gratuity -

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

d) Leave encashment / compensated absences / sick leave -

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

2.12 Borrowing costs :

Borrowing costs include interest, brokerage on fixed deposits mobilised, discounting charges on commercial papers/zero coupon non-convertible debentures issued and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

2.13 Commercial papers and zero coupon non-convertible debentures :

Commercial papers and zero coupon non-convertible debentures are recognised at redemption value, net of unamortized discounting charges. The difference between redemption value and issue value is amortised on a time proportion basis and is included under finance costs.

2.14 Taxation - Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

a) Current tax :

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

b) Deferred tax :

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain, as the case may be, to be realised.

c) Minimum Alternate Tax (MAT) :

MAT credit asset is recognised where there is convincing evidence that the asset can be realised in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Act.

2.16 Impairment of assets :

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. The impairment loss is recognized in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

2.17 Provisions and contingent liabilities :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Provisioning / Write-off on assets

a) Provisioning / Write-off on overdue assets

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

In respect of MRHFL, Loans and other credit facilities are classified as per the National Housing Bank (NHB) guidelines, into performing and non performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above stated in NHB guidelines, if in the opinion of the management, increased provisions are necessary.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

b) Provision on standard assets

Provision on standard assets has been made @ 0.40% which is in accordance with Reserve Bank of India ('RBI') guidelines.

In respect of MRHFL, the provision on standard assets is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended.

2.19 Employee Stock Compensation Costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

2.20 Lease :

Where the Company is the lessee -

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

Where the Company is the lessor -

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

2.21 Earnings Per Share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Notes to the Consolidated Financial Statements

as at 31 March 2018

3 SHARE CAPITAL

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Authorised capital :		
70,00,00,000 (31 March 2017: 70,00,00,000) Equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 (31 March 2017: 50,00,000) Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital :		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each (refer notes 3 (a) and 32)	**12,355.30**	**11,375.30**
Subscribed and paid-up capital :		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up	12,355.30	11,375.30
Less : Shares issued to ESOS Trust but not allotted to employees (refer note 3(e)(i)) (32,87,993 (31 March 2017: 37,23,298) Equity shares of Rs.2/- each	65.76	74.47
Total	**12,289.54**	**11,300.83**

		As at 31 March 2018		As at 31 March 2017	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares :**				
	Balance at the beginning of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
	Add : Fresh allotment of shares :				
	- Preferential issue to Mahindra & Mahindra Limited (the Holding Company)	2,50,00,000	500.00	-	-
	- Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional placement (QIP)	2,40,00,000	480.00	-	-
	Balance at the end of the year	**61,77,64,960**	**12,355.30**	**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 and ultimate holding company : Mahindra & Mahindra Limited	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.20%	51.20%
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Limited	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.20%	51.20%

d) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Consolidated Financial Statements

as at 31 March 2018

e) Shares issued to ESOS Trust:

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital and Securities premium reserve in respect of outstanding equity shares pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees as per details provided below.

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
(i) Reduction from Share capital -				
- Employee stock option scheme 2005	7,85,275	15.71	7,85,275	15.71
- Employee stock option scheme 2010	25,02,718	50.05	29,38,023	58.76
	32,87,993	**65.76**	**37,23,298**	**74.47**
(ii) Reduction from Securities premium reserve -				
- Employee stock option scheme 2005	7,85,275	64.39	7,85,275	64.39
- Employee stock option scheme 2010#	25,02,718	-	29,38,023	-
	32,87,993	**64.39**	**37,23,298**	**64.39**

Equity shares were alloted at face value

4 RESERVES AND SURPLUS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Capital redemption reserve :		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfers during the year	-	-
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium account :		
Balance as at the beginning of the year	2,02,627.99	2,03,252.40
Add : Additions during the year on account of -		
i) Exercise of employee stock options	1,156.50	1,029.01
ii) Fresh issue of equity shares through preferential allotment and QIP (refer note 34)	2,10,120	-
	4,13,904.49	**2,04,281.41**
Less : Deductions during the year on account of -		
i) Expenses incurred in respect of issue of retail Non-Convertible Debentures (net of taxes) (refer note 35)	1,215.07	1,653.42
ii) Expenses incurred in respect of issue of equity shares through preferential allotment and QIP (refer note 34)	1,310.13	-
iii) Premium on shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (ii))	64.39	64.39
Balance as at the end of the year	**4,11,314.90**	**2,02,563.60**
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	1,27,679.93	1,16,765.56
Add : Transfers from Surplus in the Statement of profit and loss	22,426.08	10,914.37
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,50,106.01**	**1,27,679.93**

Notes to the Consolidated Financial Statements

as at 31 March 2018

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
General reserve :			
Balance as at the beginning of the year		57,087.20	53,084.20
Add : Transfers from Surplus in the Statement of profit and loss		8,840.42	4,003.00
Less : Transfers during the period		-	-
Balance as at the end of the year		**65,927.62**	**57,087.20**
Debenture Redemption Reserve (DRR):			
Balance as at the beginning of the year		2,649.86	-
Add : Transfers during the year (refer note 33)		5,053.12	2,649.86
Less : Deductions during the year		-	-
Balance as at the end of the year		**7,702.98**	**2,649.86**
Foreign exchange fluctuation reserve:			
Balance as at the beginning of the year		2,226.81	2,922.18
Add : Transfers during the year		50.63	(695.37)
Less : Deductions during the year		-	-
Balance as at the end of the year		**2,277.44**	**2,226.81**
Employees stock options outstanding :			
A) Employees stock options outstanding -			
Balance as at the beginning of the year		4,114.58	4,435.68
Add : Fresh grant of options		314.38	771.99
Less : Transfers / reversals during the year			
i) Transfers to Securities premium reserve on exercise of options		1,156.50	1,029.01
ii) Reversals for options lapsed		35.46	64.08
Balance as at the end of the year	(A)	**3,237.00**	**4,114.58**
B) Deferred employee compensation :			
Balance as at the beginning of the year		1,652.76	1,994.35
Add : Fresh grant of options		314.38	771.99
Less : Amortisation during the year			
i) Transfers to employee compensation expenses		909.66	1,049.50
ii) Reversals for options lapsed		35.46	64.08
Balance as at the end of the year	(B)	**1,022.02**	**1,652.76**
Balance as at the end of the year	(A-B)	**2,214.98**	**2,461.82**
Surplus in Statement of profit and loss :			
Balance as at the beginning of the year		2,85,045.50	2,52,246.47
Less : Corporate dividend and dividend distribution tax #		16,429.55	282.73
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 1 April 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India		-	514.68
Add : Profit for the year transferred from the Consolidated Statement of profit and loss		1,02,391.13	51,163.67
		3,71,007.08	**3,02,612.73**
Less : Appropriations :			
General reserve		8,840.42	4,003.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934		22,426.08	10,914.37
Debenture redemption reserve (refer note 35)		5,053.12	2,649.86
		36,319.62	**17,567.23**
Balance as at the end of the year		**3,34,687.46**	**2,85,045.50**
Total		**9,79,231.39**	**6,84,714.72**

Corporate dividend and dividend distribution tax pertaining to financial year ended 31 March 2017, accounted in financial year ended 31 March 2018, on approval of Shareholders at Annual General Meeting in accordance with revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

The Board of Directors have proposed a dividend of 200% at Rs.4.00 per share on equity share of Rs.2/- each (31 March 2017: 120% at Rs.2.40 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.29378.43 Lakhs (31 March 2017: Rs.16097.30 Lakhs) including dividend distribution tax.

Notes to the Consolidated Financial Statements

as at 31 March 2018

5 LONG-TERM BORROWINGS :

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Debentures		
- **Secured**		
Non-convertible debentures (refer note 48 (i) (a))	12,28,688.46	12,16,266.73
- **Unsecured**		
Subordinate debts (refer note 49 (i) (a))	3,48,603.13	2,25,030.00
Term loans		
- **Secured**		
from banks (refer note 48 (ii) (a))	9,65,465.08	6,56,336.84
from others (refer note 48 (iii) (a))	4,015.20	8,394.19
Foreign currency loans from banks (refer note 48 (iv) (a))	59,616.55	47,460.87
Foreign currency loans from others (refer note 48 (v) (a))	1,22,372.59	1,18,296.56
Deposits		
- **Unsecured**		
Fixed deposits (refer note no. 49 (iii) (b))	1,60,736.51	2,19,293.85
Total (a+b)	**28,89,497.52**	**24,91,079.04**

All secured loans/debentures are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

The funds raised by the Company during the year by Issue of Secured/Unsecured Non Convertible Debentures/ bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

6 OTHER LONG-TERM LIABILITIES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Others -		
Deposits / advances received against loan agreements	5,692.29	3,932.57
Interest accrued but not due on borrowings	37,656.58	33,437.36
Deferred subvention income	1,982.93	2,535.73
Unrealised gains on loan transfers under securitisation transactions	3,013.35	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	1.42	1.34
Derivative contract payables	22.97	361.22
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	5,713.55	-
Other long term liabilities	1.00	1.00
Total	**54,084.09**	**42,741.10**

Notes to the Consolidated Financial Statements

as at 31 March 2018

7 LONG-TERM PROVISIONS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits (refer note 39)		
- Gratuity	2,654.78	588.52
- Leave encashment	4,040.02	2,247.69
Others -		
- Provision for non-performing assets ((refer notes 36 (a) and 37)	64,044.35	48,927.17
- Contingent provisions for standard assets (refer notes 36 (b) and 37)	12,639.60	10,394.98
- Higher provision on restructured standard advances	-	7.30
- Provision for diminution in the fair value of restructured advances	-	3.03
Total	**83,378.75**	**62,168.69**

8 SHORT-TERM BORROWINGS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans repayable on demand:		
- **Secured**		
Cash credit facilities with banks (refer note 50 (i))	29,285.08	78,069.35
Term loans		
- **Secured**		
Foreign currency loans from others (refer note 50 (ii))	1,09,429.15	80,431.74
Loans and advances from related parties:		
- **Unsecured**		
Inter-corporate deposits (ICDs) (refer note 49 (iii) (a))	55,000.00	65,000.00
Deposits:		
- **Unsecured**		
Fixed deposits (refer note 49 (iv) (a))	26,106.58	24,311.71
Other loans and advances:		
- **Secured**		
Term loans from banks (refer note 50 (i))	85,000.00	81,050.00
- **Unsecured**		
Term loans from banks (refer note 49 (ii))	10,000.00	7,400.00
Inter-corporate deposits (ICDs) (refer note 49 (iii) (a))	5,000.00	-
Commercial Papers (CPs) (refer note 50 (iii))	4,57,366.43	3,77,801.92
Total	**7,77,187.24**	**7,14,064.72**

All secured loans are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans.

9 TRADE PAYABLES :

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
(i) Due to micro and small enterprises (refer note 54)	-	-
(ii) Due to other than micro and small enterprises	1,01,424.54	60,687.84
Total	**1,01,424.54**	**60,687.84**

Notes to the Consolidated Financial Statements

as at 31 March 2018

10 OTHER CURRENT LIABILITIES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term debt:		
Debentures		
- Secured		
Non-convertible debentures (refer note 48 (i) (b))	5,11,212.41	2,41,762.53
- Unsecured		
Subordinate debts (refer note 49 (i) (b))	980.00	6,880.00
Term loans		
- Secured		
from banks (refer note 48 (ii) (b))	3,13,372.10	3,08,157.77
from others (refer note 48 (iii) (b))	3,635.99	5,311.81
Foreign currency loans from others (refer note 48 (iv) (b))	67,913.17	62,270.65
Foreign currency loans from banks (refer note 48 (v) (b))	47,602.92	52,099.08
Deposits:		
- **Unsecured**		
Fixed deposits (refer note 49 (iv) (c))	1,19,619.04	1,82,750.58
	10,64,335.63	**8,59,232.42**
Interest accrued but not due on borrowings	1,26,178.09	96,457.81
Unclaimed dividends	77.24	52.66
Unclaimed matured deposits and interest accrued thereon	460.20	376.37
Unclaimed interest on subordinated debentures (retail issue)	2.27	0.05
Other payables:		
Deposits / advances received against loan agreements	5,817.43	5,209.69
Credit balances in current accounts with banks as per books	12,094.64	61,833.73
Deferred subvention income	1,919.62	2,076.62
Unrealised gains on loan transfers under securitisation transactions	10,583.84	17,300.26
Cash profit on loan transfers under assignment transactions pending recognition	1.22	3.32
Insurance premium payable	3,954.71	4,096.85
Payables under assignment / securitisation transactions	4,391.73	3,305.85
Statutory dues and withholding taxes payable	4,075.47	3,665.79
Payables under derivative contracts	2,022.28	259.45
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	54.74	2,286.21
Provision for Salary, Bonus and performance pay	1,806.45	262.30
Provision for expenses	9,463.11	8,276.63
Others	10,175.35	9,005.92
Total	**12,57,414.02**	**10,73,701.93**

All secured loans / debentures are secured by paripassu charges on offices and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by issue of secured / unsecured non convertible debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Notes to the Consolidated Financial Statements

as at 31 March 2018

11 A) SHORT-TERM PROVISIONS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits (refer note 39)		
- Gratuity	(154.10)	356.81
- Leave encashment	437.94	4,337.35
- Other retirement benefits	10,353.12	2,543.90
Others -		
- Provision for non-performing assets (refer notes 36 (a) and 37)	1,62,559.42	1,57,008.62
- Contingent provisions for standard assets (refer notes 36 (b) and 37)	8,835.35	7,579.78
- Higher provision on restructured standard advances	-	15.01
- Provision for diminution in the fair value of restructured advances	-	6.24
- Provision for taxes (net of prepaid taxes)	2,923.66	5.63
Total	**1,84,955.39**	**1,71,853.34**

12 FIXED ASSETS

As at 31 March 2018

Rs. in lakhs

Asset description	Gross Block At Cost				Depreciation & Amortisation				Net Block	
	As at 01 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 01 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 01 April 2017
i) Property, Plant and Equipments :										
Land	-	81.40	-	81.40	-	-	-	-	81.40	-
Premises	132.04	-	-	132.04	23.58	2.20	-	25.78	106.26	108.46
Computers	8,025.07	2,436.77	374.73	10,087.11	5,546.32	1,442.41	372.54	6,616.19	3,470.92	2,478.75
Furniture and fixtures	8,163.96	726.70	77.91	8,812.75	4,564.19	918.35	61.33	5,421.21	3,391.54	3,599.77
Vehicles	7,131.89	1,670.19	780.85	8,021.23	4,079.48	1,249.51	694.53	4,634.46	3,386.77	3,052.41
Office equipments	9,358.96	993.26	279.81	10,072.41	5,666.98	1,447.53	268.70	6,845.81	3,226.60	3,691.98
Vehicles/assets on operating lease	-	77.15	-	77.15	-	1.04	-	1.04	76.11	-
Total (i)	**32,811.92**	**5,985.47**	**1,513.30**	**37,284.09**	**19,880.55**	**5,061.04**	**1,397.10**	**23,544.49**	**13,739.60**	**12,931.37**
ii) Intangible assets :										
Computer software	3,015.78	982.29	-	3,998.07	2,612.02	460.11	-	3,072.13	925.94	403.76
Goodwill*	4.05	523.65	0.24	527.46	-	-	-	-	527.46	4.05
Total (ii)	**3,019.83**	**1,505.94**	**0.24**	**4,525.53**	**2,612.02**	**460.11**	**-**	**3,072.13**	**1,453.40**	**407.81**
iii) Capital work-in-progress:										
Capital work-in-progress:	-	-	-	-	-	-	-	-	-	55.67
Total (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55.67**
iv) Intangible assets under development:										
Intangible assets under development:	-	-	-	-	-	-	-	-	45.60	58.21
Total (iv)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**45.60**	**58.21**
Total (i+ii+iii+iv)	**35,831.75**	**7,491.41**	**1,513.54**	**41,809.62**	**22,492.57**	**5,521.15**	**1,397.10**	**26,616.62**	**15,238.60**	**13,453.06**

* Goodwill arising on consolidation

12 FIXED ASSETS

As at 31 March 2017

Rs. in Lakhs

Asset description	Gross Block at Cost				Depreciation & Amortisation				Net Block	
	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 31 March 2017	As at 01 April 2016
i) Property, Plant and Equipments :										
Premises	132.04	-	-	132.04	21.37	2.21	-	23.58	108.46	110.67
Computers	6,478.90	1,810.16	263.99	8,025.07	4,574.66	1,234.44	262.78	5,546.32	2,478.75	1,904.24
Furniture and fixtures	7,644.46	598.75	79.25	8,163.96	3,740.72	881.20	57.73	4,564.19	3,599.77	3,903.74
Vehicles	6,510.15	1,403.18	781.44	7,131.89	3,643.14	1,139.84	703.50	4,079.48	3,052.41	2,867.01
Office equipments	8,104.88	1,483.01	228.93	9,358.96	4,544.60	1,343.14	220.76	5,666.98	3,691.98	3,560.28
Vehicles/assets on operating lease	-	-	-	-	-	-	-	-	-	-
Total (i)	**28,870.43**	**5,295.10**	**1,353.61**	**32,811.92**	**16,524.49**	**4,600.83**	**1,244.77**	**19,880.55**	**12,931.37**	**12,345.94**
ii) Intangible assets :										
Computer software	2,395.82	619.96	-	3,015.78	1,840.52	771.50	-	2,612.02	403.76	555.30
Goodwill*	4.05	-	-	4.05	-	-	-	-	4.05	4.05
Total (ii)	**2,399.87**	**619.96**	**-**	**3,019.83**	**1,840.52**	**771.50**	**-**	**2,612.02**	**407.81**	**559.35**
iii) Capital work-in-progress:										
Capital work-in-progress:	-	-	-	-	-	-	-	-	55.67	1.85
Total (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55.67**	**1.85**
iv) Intangible assets under development:										
Intangible assets under development:	-	-	-	-	-	-	-	-	58.21	-
Total (iv)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58.21**	**-**
Total (i+ii+iii+iv)	**31,270.30**	**5,915.06**	**1,353.61**	**35,831.75**	**18,365.01**	**5,372.33**	**1,244.77**	**22,492.57**	**13,453.06**	**12,907.14**

* Goodwill arising on consolidation

Notes to the Consolidated Financial Statements

as at 31 March 2018

13 NON-CURRENT INVESTMENTS

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
A)	**Quoted (at cost) : Trade**		
(i)	Government securities (refer note 13 (i))	70,251.08	70,418.03
(ii)	Secured redeemable non-convertible debentures (refer note 13 (ii))	6,200.00	8,975.00
	(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
	Non-Trade :		
-	Units of mutual funds (refer note 13 (iii))	500.00	400.00
Total - A		**76,951.08**	**79,793.03**
B)	**Unquoted (at cost) : Non-trade**		
(a)	Equity investment in other entities :		
i)	New Democratic Electoral Trust	1.00	1.00
	10,000 (31 March 2017: 10,000) equity shares of Rs.10/- each fully paid up (refer note 13 (iv) (a))		
ii)	Orizonte Business Solutions Limited	700.00	-
	35,00,000 (31 March 2017: Nil) equity shares of face value of Rs.10/- each, at a premium of Rs.10/- per share, fully paid up (refer note 13 (iv) (b))		
iii)	MF Utilities India Private Limited	9.60	-
	5,00,000 (31 March 2017: Nil) equity shares of face value of Re.1/- each, fully paid up		
Total - B		**710.60**	**1.00**
Total		**77,661.68**	**79,794.03**

Additional Information :

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
a)	Aggregate amount of quoted investments and market value -		
-	Aggregate amount	76,951.08	79,593.03
-	Market value #	80,591.21	85,018.06
b)	Aggregate amount of unquoted investments	710.60	1.00

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 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 6.90%-13/07/2019	100	10,00,000	947.79	1,002.88
Govt Stock 6.90%-13/07/2019	100	15,00,000	1,427.50	1,504.33
Govt Stock 6.90%-13/07/2019	100	10,00,000	932.55	1,002.88
Govt Stock 6.35%-02/01/2020	100	10,00,000	885.25	993.35
Govt Stock 7.80%-03/05/2020	100	5,00,000	488.65	509.00
Govt Stock 10.25%-30/05/2021	100	10,00,000	1,043.32	1,087.45
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,003.47	1,032.20
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,001.01	1,032.20
Govt Stock 8.13%-21/09/2022	100	15,00,000	1,504.22	1,548.15

Notes to the Consolidated Financial Statements

as at 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.95	516.05
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.71	516.05
Govt Stock 8.13%-21/09/2022	100	10,00,000	955.80	1,032.10
Govt Stock 7.16%-20/5/2023	100	10,00,000	900.55	990.00
Govt Stock 7.16%-20/5/2023	100	10,00,000	904.70	990.00
Govt Stock 8.83%-25/11/2023	100	20,00,000	2,022.81	2,121.40
Govt Stock 9.15%-14/11/2024	100	25,00,000	2,614.24	2,697.04
Govt Stock 9.15%-14/11/2024	100	10,00,000	1,076.78	1,078.82
MP SDL 8.15%-13/11/2025	100	25,00,000	2,500.80	2,542.08
MP SDL 8.15%-13/11/2025	100	11,00,000	1,163.02	1,118.51
MP SDL 8.15%-13/11/2025	100	12,00,000	1,268.75	1,220.20
TN SDL 8.27%-23/12/2025	100	10,00,000	1,001.59	1,022.96
Maharashtra SDL 8.26% 23/12/2025	100	20,00,000	2,121.55	2,044.78
Rajasthan SDL 8.30% 13/01/2026	100	25,00,000	2,694.84	2,560.96
UP SDL 8.39% 27/01/2026	100	5,00,000	500.52	514.69
AP SDL 8.39% 27/01/2026	100	10,00,000	1,001.05	1,029.38
Govt Stock 8.33%-09/07/2026	100	20,00,000	2,050.01	2,084.00
Govt Stock 8.24%-15/02/2027	100	20,00,000	1,898.50	2,078.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	959.15	1,039.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	956.33	1,039.00
Govt Stock 8.24%-15/02/2027	100	10,00,000	1,013.67	1,039.00
Govt Stock 8.28%-21/09/2027	100	15,00,000	1,380.75	1,557.07
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,868.10	2,076.09
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,867.90	2,076.09
Govt Stock 8.28%-21/09/2027	100	10,00,000	932.65	1,038.04
Govt Stock 8.28%-21/09/2027	100	20,00,000	2,001.92	2,076.09
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,022.80	1,098.62
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,023.88	1,098.62
Govt Stock 8.97%-05/12/2030	100	5,00,000	513.37	549.31
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,027.07	1,098.62
Govt Stock 8.97%-05/12/2030	100	5,00,000	521.49	549.31
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,034.63	1,098.62
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,581.38	1,647.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,090.24	1,098.62
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,076.08	1,098.62
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,450.20	1,647.93
Govt Stock 8.97%-05/12/2030	100	20,00,000	2,165.68	2,197.25
Govt Stock 8.28%-15/02/2032	100	25,00,000	2,401.50	2,618.35
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,009.27	1,051.63
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,027.98	1,051.63
Govt Stock 8.24%-10/11/2033	100	10,00,000	1,023.52	1,048.90
Govt Stock 8.33%-07/06/2036	100	15,00,000	1,544.89	1,590.22
Govt Stock 8.30%-02/07/2040	100	15,00,000	1,359.30	1,590.28
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,016.09	1,120.00
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,020.98	1,120.00
Govt Stock 8.83%-12/12/2041	100	15,00,000	1,469.33	1,680.00
Total		**703,00,000**	**70,251.08**	**73,864.30**

Notes to the Consolidated Financial Statements

as at 31 March 2018

Details of quoted Long-term investments in Government stock :

As at 31 March 2017

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 6.90%-13/07/2019	100	10,00,000	947.79	1,009.88
Govt Stock 6.90%-13/07/2019	100	15,00,000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	10,00,000	932.55	1,009.88
Govt Stock 6.35%-02/01/2020	100	10,00,000	885.25	996.12
Govt Stock 7.80%-03/05/2020	100	5,00,000	488.65	515.25
Govt Stock 10.25%-30/05/2021	100	10,00,000	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	15,00,000	1,505.17	1,586.44
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.95	528.81
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.71	528.81
Govt Stock 8.13%-21/09/2022	100	10,00,000	955.80	1,057.63
Govt Stock 7.16%-20/5/2023	100	10,00,000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	10,00,000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	20,00,000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	25,00,000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	10,00,000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	25,00,000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	11,00,000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	12,00,000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	10,00,000	1,001.79	1,031.17
Maharashtra SDL 8.26% 23/12/2025	100	20,00,000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	25,00,000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	5,00,000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	10,00,000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	20,00,000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	20,00,000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	10,00,000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	10,00,000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	10,00,000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	15,00,000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	10,00,000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	20,00,000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	25,00,000	2,401.50	2,677.91

Notes to the Consolidated Financial Statements

as at 31 March 2018

Rs.in lakhs

	Face value Rs.	No. of units	Amount	Market value
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	10,00,000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	15,00,000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	15,00,000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,016.75	1,136.01
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	15,00,000	1,469.33	1,704.02
Total		**703,00,000**	**70,418.03**	**75,632.25**

Quoted investments of Rs.70,251.08 Lakhs (31 March 2017: Rs. 70418.03 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Details of investments in Secured redeemable non-convertible debentures :

As at 31 March 2018

Rs. in lakhs

Sr. no.	Particulars	Total quantity	Total Face Value	a) Non -current	b) Current	Total
1	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac	800	8,000.00	1,200.00	4,400.00	5,600.00
2	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
3	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
4	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
5	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	75	750.00	-	375.00	375.00
6	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	-	750.00	750.00
7	Home Credit India Finance Private Limited Sr-29471-30220 13.12 Ncd 26 Mar 21 FV Rs10Lac	750	7,500.00	5,000.00	2,500.00	7,500.00
	Total			**6,200.00**	**10,275.00**	**16,475.00**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

Notes to the Consolidated Financial Statements

as at 31 March 2018

Details of investments in Secured redeemable non-convertible debentures :

As at 31 March 20 17

Rs. in lakhs

Sr. no.	Particulars	Total quantity	Total Face Value	a) Non -current	b) Current	Total
1	Intrepid Finance And Leasing Private Limited Sr-F 13 Xirr Ncd 28Aug17 FV Rs 416667	80	800.00	-	166.67	166.67
2	Light Microfinance Private Limited Sr-F 13.6 Xirr Ncd 28Aug17 FV Rs10Lac	75	750.00	-	156.25	156.25
3	M Power Microfinance Private Limited Sr-F 13.1 Xirr Ncd 28Aug17 FV Rs10Lac	75	750.00	-	156.25	156.25
4	Saija Finance Private Limited Sr-F 13.1 Xirr Ncd 28Aug17 FV Rs10Lac	80	800.00	-	166.67	166.67
5	Satin Creditcare Network Limited Sr-F 12.3 Xirr Ncd 28Aug17 FV Rs10Lac	300	3,000.00	-	625.00	625.00
6	Sv Creditline Pvt. Ltd. Sr-F 12.75 Xirr Ncd 28Aug17 FV Rs10Lac	200	2,000.00	-	416.67	416.67
7	Annapurna Microfinance Private Limited Sr-F 12.75 Xirr Ncd 28Aug17 FV Rs250000	150	1,500.00	-	312.50	312.50
8	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28June19 FV Rs10Lac	800	8,000.00	5,600.00	2,400.00	8,000.00
9	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
10	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
11	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
12	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	75	750.00	375.00	375.00	750.00
13	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7Mar19 FV Rs10Lac	150	1,500.00	750.00	750.00	1,500.00
	Total			**8,975.00**	**7,775.01**	**16,750.01**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) Details of mutual fund units :

As at 31 March 2018

Rs. in lakhs

Sr. no.	Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
1	Mahindra Kar Bachat Yojana	11.80	5,00,000.00	50.00	58.99
2	Mahindra Liquid Fund	1,124.40	5,000.00	50.00	56.22
3	Mahindra Dhan Sanchay Yojana	11.16	5,00,000.00	50.00	55.81
4	Mahindra Low Duration	1,081.40	5,000.00	50.00	54.07
5	Mahindra Badhat Yojana	10.73	5,00,000.00	50.00	53.63
6	Mahindra Unnati EBY	9.53	5,00,000.00	50.00	47.63
7	HDFC Charity Fund for Cancer Cure	10.03	20,00,000.00	200.00	200.56
			40,10,000.00	**500.00**	**526.91**

Notes to the Consolidated Financial Statements

as at 31 March 2018

Details of mutual fund units :

As at 31 March 2017

Rs. in lakhs

Sr. no.	Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
1	Mahindra Kar Bachat Yojana	11.14	5,00,000	50.00	55.69
2	Mahindra Liquid Fund	1,052.64	5,000	50.00	52.63
3	Mahindra Dhan Sanchay Yojana	10.29	5,00,000	50.00	51.46
4	Mahindra Low Duration	1,009.99	5,000	50.00	50.50
5	HDFC Charity Fund for Cancer Cure	10.03	20,00,000	200.00	200.53
				400.00	**410.81**

iv) During the year, the Company has made following equity investments –

a) During the previous year, the Company had made an additional investment of Rs.0.95 Lakh in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis. During the current year, there were no further investment made in New Democratic Electoral Trust.

b) Rs.700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smartshift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs.10/- each, for cash, at a premium of Rs.10/- per share.

v) During the year, the Company has sold 1,28,866 equity shares of face value of Rs.10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs.5044.00 per share for a consideration aggregating to Rs.6500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs.5073.72 lakhs and the same has been shown as an Exceptional items in the Statement of profit and loss.

14 DEFERRED TAX ASSETS (NET)

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
Deferred tax assets			
- Provision for non performing assets / loss & expenses on assignments		74,124.44	69,406.99
- Provision for standard assets		7,504.20	6,220.71
- Other disallowances		3,767.11	1,812.80
- Difference between written down value of books of account and Income Tax Act, 1961		1,813.35	1,407.46
	(a)	**87,209.10**	**78,847.96**
Deferred tax liabilities			
- Special Reserve		4,890.68	3,130.19
	(b)	**4,890.68**	**3,130.19**
Total	**(a-b)**	**82,318.42**	**75,717.77**

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.

Notes to the Consolidated Financial Statements

as at 31 March 2018

15 LONG-TERM LOANS AND ADVANCES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans and advances:		
- Secured, considered good		
Loans against assets	33,16,371.80	26,86,417.75
Retained interest in Pass Through Certificates under securitization transactions	4.25	40.85
Retained interest under assignment transactions	145.65	145.90
- Secured, considered doubtful (non-performing)		
Loans against assets	1,41,080.19	1,02,637.13
- Unsecured, considered good		
Interest Only Strip (I/O Strip) under securitization transactions (refer note 41(b))	3,013.35	2,471.88
Loans and advances (including overdue loans)	2,713.87	499.33
- Unsecured, considered doubtful (non-performing)		
Loans and advances (including overdue loans)	216.70	415.48
Others :		
- Unsecured, considered good		
Capital advances	537.13	394.94
Security Deposits for office premises / others	2,902.58	2,486.78
Advance payment of taxes (net of provisions)	21,238.90	17,392.11
Total	**34,88,224.42**	**28,12,902.15**

16 OTHER NON-CURRENT ASSETS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Term deposits with banks		
- Free	980.10	294.00
- Under lien (refer note 19)	874.62	10,989.88
Prepaid expenses	573.04	382.39
Unamortised placement and arrangement fees paid on borrowing instruments	353.61	458.01
Derivative contract receivables	14.86	-
Exchange gain receivable on forward contract on foreign currency loans	941.85	-
Deferred premium on foreign currency loan forward contracts	2,144.55	-
Total	**5,882.63**	**12,124.28**

17 CURRENT INVESTMENTS

Rs. in lakhs

		As at 31 March 2018	As at 31 March 2017
i)	**Quoted -**		
	Secured redeemable non-convertible debentures (refer note 13 (ii) (b))	10,275.00	7,775.01
	Units of mutual funds ((refer note 17 (i))	835.37	28,964.84
		11,110.37	**36,739.85**
ii)	**Unquoted (at cost) :**		
	Commercial Papers	30,050.68	20,858.36
		30,050.68	**20,858.36**
Total		**41,161.05**	**57,598.21**

Notes to the Consolidated Financial Statements

as at 31 March 2018

Additional Information :

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Aggregate amount of quoted investments and market value -		
- Aggregate amount	11,110.37	36,739.85
- Market value #	11,146.27	36,756.28
Aggregate amount of unquoted investments	30,050.68	20,858.36

Of the total quoted investments mentioned above, book value of secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available.

i) Details of investment in Mutual fund units –

As at 31 March 2018

Rs. in lakhs

Sr. no.	Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
1	Mahindra Liquid fund	1,124.40	6342.022	70.88	71.31
2	Mahindra Low Duration	1,081.30	24044.201	250.71	259.99
3	Mahindra Low Duration	1,081.31	48617.966	500.00	525.71
4	Mahindra Liquid fund	1,124.22	1040.725	11.28	11.70
5	Mahindra Low Duration	1,079.95	237.048	2.50	2.56
Total				**835.37**	**871.27**

As at 31 March 2017

Rs. in lakhs

Sr. no.	Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
1	Mahindra Liquid fund	1052.6354	48,517.44	940.00	944.84
2	Mahindra ALP Samay Bachat Yojana	1009.9978	93,549.17	507.78	510.71
3	Mahindra Liquid fund	1052.6354	23,75,664.60	25,000.00	25,007.10
4	Mahindra ALP Samay Bachat Yojana	1009.9978	2,47,640.16	2,500.00	2,501.16
5	Mahindra Liquid fund	1052.6354	1,659.00	17.06	17.46
Total				**28,964.84**	**28,981.27**

ii) Details of unquoted current investment in Commercial Papers :

As at 31 March 2018

Particulars	Face value Rs.	Units	Amount
Fincare Small Finance Bank Limited	5,00,000.00	500	2,500.00
Neo Growth Credit Pvt Limited	5,00,000.00	800	4,000.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Northern Arc Capital Limited	5,00,000.00	2,000	10,000.00
IKF Finance Limited	5,00,000.00	1,000	5,000.00
Total at face value		**6,300**	**31,500.00**
Less : Unamortised discounting charges			1,449.32
Total redemption value, net of unamortized discounting charges			**30,050.68**

Notes to the Consolidated Financial Statements

as at 31 March 2018

As at 31 March 2017

Particulars	Face value Rs.	Units	Amount Rs.in lakhs
Esaf Microfinance & Investment Private Limited	5,00,000.00	1,500	7,500.00
IFMR Capital Finance Private Limited	5,00,000.00	1,500	7,500.00
Five Star Business Finance Limited	5,00,000.00	500	2,500.00
Satin Creditcare Network Limited	5,00,000.00	1,000	5,000.00
Total at face value		**4,500**	**22,500.00**
Less : Unamortised discounting charges			**1,641.64**
Total redemption value, net of unamortized discounting charges			**20,858.36**

18 TRADE RECEIVABLES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Secured, considered good :		
- Lease rental receivable on operating lease transactions	0.49	-
(outstanding for a period exceeding six months from the date they are due for payment)		
Secured, considered doubtful (non-performing) :		
- Trade receivable on hire purchase transactions	373.39	374.19
(outstanding for a period exceeding six months from the date they are due for payment)		
Unsecured, considered good :		
- Debts outstanding for a period exceeding six months from the date they are due for payment	104.76	25.92
- Debts outstanding for a period not exceeding six months from the date they are due for payment	5,538.84	1,859.20
Unsecured, considered doubtful :		
- Debts outstanding for a period exceeding six months from the date they are due for payment	28.50	36.62
Total	**6,045.98**	**2,295.93**

19 CASH AND BANK BALANCES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
a) Cash and cash equivalents :		
- Cash on hand	1,755.07	2,426.02
- Cheques and drafts on hand	1,264.80	1,258.49
- Balances with banks in current accounts	31,571.21	40,041.93
- Term deposits with original maturity up to 3 months	25.00	-
	34,616.08	**43,726.44**
b) Bank balances other than cash and cash equivalents :		
Earmarked balances with banks -		
- Unclaimed dividend accounts	77.24	53.98
Term deposits with maturity less than 12 months -		
- Free	9,844.77	1,862.00
- Under lien #	3,999.70	14,745.12
	13,921.71	**16,661.10**
Total	**48,537.79**	**60,387.54**

Notes to the Consolidated Financial Statements

as at 31 March 2018

Details of Term deposits

Rs. in lakhs

Particulars	As at 31 March 2018			As at 31 March 2017		
	Cash and bank balances	Other non-current assets	Total	Cash and bank balances	Other non-current assets	Total
Term deposits for SLR	-	766.00	766.00	5,563.00	766.00	6,329.00
Collateral deposits for securitization transactions	3,162.88	37.12	3,200.00	8,766.12	10,047.88	18,814.00
Legal deposits	9.82	11.50	21.32	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	802.00	-	802.00	413.00	99.00	512.00
Collateral deposits with banks for Aadhaar authentication	25.00	-	25.00	-	-	-
Under lien with IRDA for broking license	-	60.00	60.00	-	60.00	60.00
Total	**3,999.70**	**874.62**	**4,874.32**	**14,745.12**	**10,989.88**	**25,735.00**

20 SHORT-TERM LOANS AND ADVANCES

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Loans and advances:		
- Secured, considered good		
Loans against assets	20,05,136.58	17,17,981.76
Retained interest in Pass Through Certificates (PTC) under securitization transactions	31.90	110.98
Retained interest under assignment transactions	1.46	15.31
- Secured, considered doubtful / non-performing		
Loans against assets	3,20,582.94	2,92,410.35
- Unsecured, considered good		
Loans and advances	35,114.83	10,570.14
Bills of exchange	55,358.64	38,851.72
Trade Advances	1,39,955.43	1,17,787.88
Interest Only Strip (I/O Strip) under securitization transactions (refer note 41(b))	10,583.84	17,300.26
Inter corporate deposits to other parties	-	-
Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.)	-	-
Other short term advances	3,051.33	1,950.76
- Unsecured, considered doubtful / non-performing		
Loans and advances	3,882.40	319.17
Inter corporate deposits to related parties	100.00	100.00
Bills of exchange	16.27	-
Trade Advances	3,771.58	3,791.46
Others :		
- Unsecured, considered good		
Security Deposits for office premises / others	221.58	445.88
Total	**25,77,808.78**	**22,01,635.67**

Notes to the Consolidated Financial Statements

as at 31 March 2018 / for the year ended 31 March 2018

21 OTHER CURRENT ASSETS

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Interest accrued on -		
- Investments	1,409.63	1,394.60
- Others deposits	1,465.61	1,206.76
Prepaid expenses	2,345.78	1,478.02
Unamortised placement and arrangement fees paid on borrowing instruments	123.22	122.51
Insurance advances	479.44	178.51
Other receivables	2,244.68	1,308.50
Exchange gain receivable on forward contract on foreign currency loans	-	190.40
Deferred premium on foreign currency loan forward contracts	2,899.09	504.38
Total	**10,967.45**	**6,383.68**

22 REVENUE FROM OPERATIONS

Rs. in lakhs

		Year ended 31 March 2018	Year ended 31 March 2017
a)	**Interest Income**		
	Income from loans	7,65,132.74	6,43,312.10
	Income from hire purchase	8.24	15.07
	Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,415.31	6,343.93
	Interest on retained interest in PTCs under securitization transactions	3.43	12.59
	Interest on Government securities - Long term	5,714.35	5,345.19
	(a)	**7,77,274.07**	**6,55,028.88**
b)	**Other financial services**		
	Income from insurance business / services	19,514.91	12,733.27
	Income from mutual fund business	1,885.90	354.14
	Service charges and other fees on loan transactions	35,177.78	30,388.05
	Income from hire purchase	0.12	0.14
	Income from bill discounting	5,259.22	4,179.23
	Income from lease	2.69	-
	Income from assignment / securitisation transactions (refer note 41)	14,199.95	11,936.72
	(b)	**76,040.57**	**59,591.55**
	Total **(a + b)**	**8,53,314.64**	**7,14,620.43**

Revenue in foreign currency

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Brokerage	164.00	77.16
Consultancy fees	8.10	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

23 OTHER INCOME

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Dividend income -		
- Current investments in mutual fund units	170.67	85.48
Net profit / loss on sale of current investments	114.32	308.35
Other non-operating income -		
- Profit on sale / retirement of owned assets (net)	51.76	9.76
- Income from shared services	2,567.91	3,891.40
- Others	1,130.37	1,149.66
Total	**4,035.03**	**5,444.65**

24 EMPLOYEE BENEFITS EXPENSE

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	1,02,750.33	78,281.98
Contribution to provident funds and other funds	8,718.73	6,149.66
Expense on employee stock option scheme (refer note 33 (f)) #	944.78	1,087.28
Staff welfare expenses	3,300.29	3,145.04
Total	**1,15,714.13**	**88,663.96**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 23.82 Lakhs (31 March 2017: Rs. 35.82 Lakhs).

25 FINANCE COSTS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses	3,40,038.47	3,15,829.46
Other borrowing costs	2,593.09	2,787.98
Total	**3,42,631.56**	**3,18,617.44**

26 DEPRECIATION AND AMORTIZATION EXPENSES

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets	5,061.03	4,602.93
Amortization of intangible assets	460.11	769.39
Total	**5,521.14**	**5,372.32**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

27 LOAN PROVISIONS AND WRITE OFFS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Bad debts and write offs	1,08,600.43	86,325.81
Provision for non-performing assets (net) (refer notes 7, 11, 36 (a) and 37)	20,643.74	49,904.87
Provision for standard assets (refer note no.7, 11, 36 (b) and 37)	3,500.19	2,725.36
Provision for diminution in the fair value of restructured advances	(9.27)	(0.94)
Total	**1,32,735.09**	**1,38,955.10**

28 OTHER EXPENSES

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Electricity charges	2,343.62	2,171.52
Rent	7,887.39	7,488.54
Repairs and maintenance -		
- Buildings	685.49	602.09
- Others	284.97	362.35
Insurance	2,671.26	2,234.46
Rates and taxes, excluding taxes on income	79.79	829.79
Directors' sitting fees and commission	548.03	348.11
Commission and brokerage	25,285.73	22,553.26
Legal and professional charges	17,633.52	11,861.11
Manpower outsourcing cost	1,823.21	706.49
Loss on Sale / retirement of owned assets	0.41	-
Payments to the auditor -		
- Audit fees	81.35	66.01
- Taxation matters	29.68	22.54
- Other services	46.08	41.43
- Reimbursement of expenses	1.81	1.85
CSR donations and expenses (refer note 43)	3,127.96	3,362.57
General and administrative expenses	37,117.52	32,028.69
Total	**99,647.82**	**84,680.81**

Expenditure incurred in foreign currency

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Travelling expenses	32.56	37.53
Legal and professional fees	163.62	295.85
Other expenses	405.01	33.71

29 EXCEPTIONAL ITEMS

Rs. in lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Profit on sale of investments in shares of subsidiary company (refer note 13 (v))	5,073.72	-
Total	**5,073.72**	**-**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

30 The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of the entity	Country of Incorporation	% Holding
i) Mahindra Finance USA, LLC	United States of America	49.00%

Rs. in lakhs

Sr. no.	Particulars	As at 31 March 2018	As at 31 March 2017
I	**Assets**		
1	Long-term loans and advances	2,69,341.37	2,26,440.34
2	Deferred tax assets	736.87	1,028.95
3	Cash and cash equivalents	748.64	577.88
4	Short-term loans and advances	68,849.03	67,937.52
5	Other current assets	1,263.15	1,142.89
II	**Liabilities**		
1	Long-term borrowings	1,22,372.59	1,18,296.56
2	Other Long-term liabilities	-	-
3	Long term provisions	989.79	775.45
4	Short term borrowings	1,09,429.15	80,431.74
5	Other current liabilities	75,055.46	69,333.16
6	Short term provisions	252.87	233.16

		Year ended 31 March 2018	Year ended 31 March 2017
III	**Income**		
1	Revenue from operations	17,274.07	14,013.55
2	Other income	479.11	809.26
IV	**Expenses**		
1	Finance costs	7,001.47	5,656.00
2	Provisions and write-offs	1,068.00	912.31
3	Other expenses	4,484.43	4,013.33
4	Provision for current tax	1,839.62	1,884.27
5	Provision for deferred tax	291.04	(319.60)

31 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.

32 The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. 17/05/2016 for next 3 years.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

33 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,49,89,782 equity shares to employees up to 31 March 2018 (31 March 2017: 1,45,54,477 equity shares), of which 4,35,305 equity shares (31 March 2017: 4,40,284 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	"Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of each vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 62,130 (31 March 2017: 2,17,400) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Rs. in lakhs

Particulars	Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
No. of options granted	62,130	2,17,400
Intrinsic value of shares based on latest available closing market price (Rs.)	506.00	355.10
Total amount to be amortized over the vesting period (Rs. in Lakhs)	314.38	771.99
Charge to Statement of profit and loss for the year (Rs. in Lakhs)	35.06	86.92
Compensation in respect of lapsed cases (Rs. in Lakhs) #	7.96	10.70
Unamortized amount carried forward (Rs. in Lakhs)	271.36	674.37

pertaining to 1,572 (31 March 2017: 3,014) stock options forfeited/lapsed during the year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting date	Year ended 31 March 2018 Grant dated 24 January 2018		Year ended 31 March 2017 Grant dated 5 January 2017	
	Expected Vesting	Fair Value per share (Rs.)	Expected Vesting	Fair Value per share (Rs.)
5 January 2019	12473	495.92	43482	337.36
5 January 2020	12473		43482	
5 January 2021	12473		43482	
5 January 2022	12473		43482	
5 January 2023	12238		43482	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
1) Risk free interest rate	7.16%	6.67%
2) Expected life	4.50 years	4.70 years
3) Expected volatility	37.61%	38.28%
4) Dividend yield	0.47%	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	508.00	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	14,67,709	2.00	17,14,173	2.00
Options granted during the year	62,130	2.00	2,17,400	2.00
Options forfeited/lapsed during the year	10,547	2.00	23,580	2.00
Options exercised during the year	4,35,305	2.00	4,40,284	2.00
Options outstanding at the end of the year	10,83,987	2.00	14,67,709	2.00
Options vested but not exercised at the end of the year	1,89,612	2.00	2,35,038	2.00

d) Information in respect of options outstanding

Grant date / Exercise price	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2010 :				
7 February 2011 at Rs.2.00	12,305	10 months	35,090	21 months
25 January 2012 at Rs.2.00	15,512	19 months	38,580	30 months
22 July 2013 at Rs.2.00	9,980	37 months	19,020	44 months
21 October 2013 at Rs.2.00	32,203	27 months	39,116	39 months
21 October 2014 at Rs.2.00	7,39,245	45 months	10,75,448	52 months
21 October 2015 at Rs.2.00	31,519	56 months	46,069	59 months
5 January 2017 at Rs.2.00	1,82,665	62 months	2,14,386	70 months
24 January 2018 at Rs.2.00	60,558	70 months	-	-
Total	**10,83,987**		**14,67,709**	

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Year ended 31 March 2018		Year ended 31 March 2017	
Date of Exercise	Average share price (Rs.)	Date of Exercise	Average share price (Rs.)
28 April 2017	334.70	25 April 2016	293.29
25 May 2017	301.21	20 May 2016	297.89
21 June 2017	349.24	21 June 2016	323.35
26 July 2017	396.95	26 July 2016	318.59
31 August 2017	428.18	29 August 2016	344.10
22 September 2017	416.65	19 September 2016	343.71
30 October 2017	426.17	27 October 2016	365.77
21 November 2017	433.13	25 November 2016	285.28
28 December 2017	469.13	23 December 2016	254.65
29 January 2018	483.25	11 January 2017	282.99
26 February 2018	446.39	27 January 2017	282.76
23 March 2018	424.95	28 February 2017	291.43
		27 March 2017	321.24

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows :

Grants covered under Scheme 2005 :

Variables #	7 December 2005	24 July 2007	25 March 2008	18 September 2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5.00%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	07 February 2011	25 January 2012	22 July 2013	21 October 2013	21 October 2014	21 October 2015	05 January 2017	24 January 2018
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%	6.67%	7.16%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years	4.70 years	4.50 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%	38.28%	37.61%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%	1.12%	0.47%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15	357.10	508.00

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Net profit after tax (Rs. in Lakhs)	1,02,391.13	51,163.67	1,02,431.44	51,209.76
Weighted average number of equity shares of Rs.2/- each – Basic	58,10,96,549	56,47,23,582	58,10,96,549	56,47,23,582
Weighted Average number of equity shares of Rs.2/- each – Diluted	58,19,45,769	56,84,46,880	58,19,45,769	56,84,46,880
Basic Earnings Per Share (Rs.)	17.62	9.06	17.63	9.07
Diluted Earnings Per Share # (Rs.)	17.59	9.00	17.60	9.01

Dilution in Earnings per share is on account of 32,87,993 equity shares (31 March 2017: 37,23,298 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.40.31 Lakhs (31 March 2017: Rs. 46.09 Lakhs).

34 FRESH ISSUE OF EQUITY SHARE CAPITAL

The Board of Directors of the Company, at its meeting held on 1 November 2017, and special resolution passed by the members at the Extraordinary General Meeting held on 29 November 2017 had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company has raised funds amounting to Rs. 2,11,100.00 lakhs through allotment of fresh equity shares as per details provided below :

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.1,05,500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.1,05,600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 2,10,120.00 lakhs.

35 PUBLIC ISSUANCE OF UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES (NCD'S):

During the year, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of the face value of Rs.1,000.00 each. The NCD's were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCD's issue expenses of Rs.1215.07 lakhs (net of taxes)

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for the year ended 31 March 2018

has been adjusted against securities premium reserve as per the accounting policy. The total amount of NCDs outstanding as at 31 March 2018 were Rs. 2,15,053.13 lakhs, including the amount of fresh issuance during the year.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 5,053.12 Lakhs (31 March 2017: Rs.2649.86 lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2018, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

36 LOAN PROVISIONS

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/ CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended 31st March, 2016, upto the financial year ended 31st March, 2018 and these revised guidelines have been followed during the current year while making provisions for NPAs and Standard assets.

The cumulative accelerated provision made by the Company as on 31 March 2018 is Rs.69,970.22 Lakhs (31 March 2017: Rs.68,623.98 Lakhs).

The Company, during the year ended 31 March 2017, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.8,336.91 Lakhs for the year ended 31 March 2017 with a consequent impact on the profit before tax. However, during the current year, the Company has reviewed the basis of estimating provision for non-performing assets and made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

b) (i) In accordance with the Master direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, the Company has made Standard assets of provision of Rs.3208.00 Lakhs (31 March 2017: Rs. 2180.00 Lakhs) during the current year.

(ii) The total amount of provision on Standard assets as at 31 March 2018 stood at Rs. 19,423.00 Lakhs (31 March 2017: Rs.16,215.00 Lakhs, including additional provision of Rs.2034.00 lakhs).

37 In case of MRHFL, Standard Assets includes Rs. 2,739.87 Lakhs (March 2017 Rs. 3,525.23 Lakhs) towards prepaid expenses on account of unamortised discounting charges netted of from commercial paper and zero coupon bond borrowings of respective years.

The company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2018 is Rs. 1851.89 Lakhs (March 2017 is Rs. 1216.22 Lakhs).

Notes to the Consolidated Financial Statements

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38 LEASES

In the cases where assets are given on operating lease (as lessor), the total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
i)	**New vehicles to retail customers on operating lease -**		
	Not later than one year	3.87	-
	Later than one year but not later than five years	2.39	-
	Later than five years	-	-
		6.26	**-**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**		
	Not later than one year	2.53	-
	Later than one year but not later than five years	-	-
	Later than five years	-	-
		2.53	**-**

39 EMPLOYEE BENEFITS

Defined benefit plans -as per actuarial valuation

Rs. in lakhs

Particulars		Gratuity (funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
		As at 31 March		As at 31 March		As at 31 March	
		2018	2017	2018	2017	2018	2017
a)	**Expense recognised in the Statement of Profit & Loss Account for the year ended**						
	Current service cost	916.83	487.58	489.75	110.70	848.67	649.43
	Interest cost	242.95	181.56	35.29	26.00	161.52	112.57
	Expected return on plan assets	(194.90)	(191.15)	-	-	-	-
	Actuarial (gains)/losses	2,110.08	799.07	(27.97)	17.76	625.72	304.33
	Adjustment due to change in opening balance of Plan assets	(399.77)	(139.57)	-	-	-	-
	Net expense	**2,675.19**	**1,137.49**	**497.07**	**154.46**	**1,635.91**	**1,066.33**
b)	**Net asset / (liability) recognised in the Balance Sheet**						
	Present value of defined benefit obligation	6,156.58	3,300.68	976.51	479.45	3,501.45	2,193.89
	Fair value of plan assets	3,655.90	2,628.97	-	-	-	-
	Net asset / (liability)	**(2,500.68)**	**(671.71)**	**(976.51)**	**(479.45)**	**(3,501.45)**	**(2,193.89)**
c)	**Change in fair value of defined benefit obligations during the year ended**						
	Present value of defined benefit obligation at the beginning of the year	3,300.68	2,269.42	479.44	324.99	2,193.89	1,407.13
	Current service cost	916.82	487.58	489.75	110.70	848.67	649.43
	Interest cost	242.95	181.56	35.29	26.00	161.52	112.57
	Actuarial (gains) / losses	1,927.24	620.81	(27.97)	17.76	625.72	304.32
	Benefits paid	(231.12)	(258.69)	-	-	(328.35)	(279.56)
	Present value of defined benefit obligation at the year ended	**6,156.57**	**3,300.68**	**976.51**	**479.45**	**3,501.45**	**2,193.89**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

Rs. in lakhs

Particulars	Gratuity (funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
	As at 31 March		As at 31 March		As at 31 March	
	2018	2017	2018	2017	2018	2017
d) Change in the fair value of plan assets during the year ended						
Fair value of plan assets at the beginning of the year	2,628.97	2,249.59	-	-	-	-
Expected return on plan assets	194.90	191.13	-	-	-	-
Contributions by employer	846.21	485.61	-	-	-	-
Actuarial (Gains)/Losses	(166.63)	(178.25)	-	-	-	-
Adjustment due to change in opening balance of Plan assets	399.76	139.57	-	-	-	-
Actual Benefits paid	(247.31)	(258.68)	-	-	-	-
Fair value of plan assets at the end of the year	**3,655.90**	**2,628.97**	-	-	-	-
e) Major category of plan assets as a percentage of total plan						
Funded with LIC	100%	100%	-	-	-	-
f) Actuarial assumptions						
Discount Rate (p.a.)	7.36%	7.36%	7.36%	7.36%	7.36%	7.36%
Expected rate of return on plan assets (p.a.)	8.00%	8.00%	-	-	-	-
Rate of Salary increase (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Lives Assured Mortality (2006-08) Ultimate	Indian Lives Assured Mortality (2006-08) Ultimate	Indian Lives Assured Mortality (2006-08) Ultimate	Indian Lives Assured Mortality (2006-08) Ultimate

g) Experience adjustments (Gratuity - funded)

	As at 31 March				
	2018	2017	2016	2015	2014
Defined benefit obligation at end of the period	6,156.57	3,300.68	2,269.42	1,771.78	1,371.09
Plan assets at the end of period	3,655.90	2,628.97	2,249.59	1,811.28	1,320.08
Funded status surplus/ (deficit)	(2,500.67)	(671.71)	(19.83)	39.50	(51.01)
Experience adjustments on plan liabilities (gain)/loss	(440.36)	392.49	(268.25)	(190.55)	(65.61)
Experience adjustments on plan assets gain/(loss)	(182.83)	(182.48)	(41.95)	(34.22)	(25.00)

40 DISCLOSURE ON DERIVATIVES

The Company has outstanding foreign currency non-repatriable loans of US $ 1648.41 Lakhs (31 March 2017: US $ 1535.23 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on 31 March 2018.

During the year 2016-17, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from 1 April 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at 1 April 2016. Loss of Rs. 2182.88 lakhs (31 March 2017: Rs. 2365.54 Lakhs) is charged to Statement of profit and loss for the year ended 31 March 2018.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

Exposures in foreign currency:

		As at 31 March 2018				As at 31 March 2017			
		Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)	Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)
I.	Assets								
	Receivables (trade & other)	-	-	-	-	-	-	-	-
	Other Monetary assets (e.g. ICDs/ Loans given in FC)	-	-	-	-	-	-	-	-
	Total Receivables (A)	-	-	-	-	-	-	-	-
	Hedges by derivative contracts (B)	-	-	-	-	-	-	-	-
	Unhedged receivables (C = A - B)	-	-	-	-	-	-	-	-
II.	Liabilities								
	Payables (trade & other)	-	-	-	-	-	-	-	-
	Borrowings (ECB and Others)	USD	65.04	1,648.41	1,07,219.47	USD	64.85	1,535.23	99,559.95
	Total Payables (D)	-	-	1,648.41	1,07,219.47	-	-	1,535.23	99,559.95
	Hedges by derivative contracts (E)	-	-	1,648.41	1,07,219.47	-	-	1,535.23	99,559.95
	Unhedged Payables (F = D - E)	-	-	-	-	-	-	-	-

41 SECURITISATION / ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 22694 contracts (31 March 2017: 11,489 contracts) amounting to Rs.55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) for a consideration of Rs 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) and de-recognised the assets from the books.

b) In terms of the accounting policy stated in 2.5(a), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

c) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.14,032.87 Lakhs (31 March 2017: Rs.11,500.70 Lakhs)

d) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitisation 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:

Notes to the Consolidated Financial Statements

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Rs. in lakhs

Sr. no.	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
1)	No of SPVs sponsored by the NBFC for securitisation transactions	14	17
2)	Total amount of securitised assets as per books of the SPVs sponsored	75,726.36	81,804.49
3)	Total amount of exposures retained by the NBFC to		
	comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss-		
	Credit enhancement in form of corporate undertaking	22,336.29	21,037.84
	Others	-	-
	b) On-balance sheet exposures		
	First loss-		
	Cash collateral term deposits with banks	3,200.00	16,958.00
	Others-	-	-
	Retained interest in pass through certificates (excluding accrued interest)	36.12	151.77
4)	Amount of exposures to securitisation transactions		
	other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	Excess Interest Spread	15,046.45	21,053.50
	(ii) Exposure to third party securitisations		
	First loss		
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others-	-	-
	Cash collateral term deposits with banks	-	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

42 There were 143 cases (31 March 2017: 176 cases) of frauds amounting to Rs.230.08 Lakhs (31 March 2017: Rs 397.06 Lakhs) reported during the year. The Company has recovered an amount of Rs.77.60 Lakhs (31 March 2017: Rs 125.98 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

43 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company has incurred an expenditure of Rs.2981.97 Lakhs (31 March 2017 : Rs. 3220.70 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.145.99 Lakhs (31 March 2017 : Rs. 141.87 Lakhs) towards the CSR activities undertaken by the Company (refer note 28).

Detail of amount spent towards CSR activities during the year:

a) Gross amount required to be spent by the Company during the year is Rs. 3127.96 lakhs (Previous year: Rs. 3362.57 lakhs).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

b) Amount spent by the Company during the year -

Particulars		For the year ended 31 March 2018			For the year ended 31 March 2017		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i)	Construction / acquisition of any asset	-	-	-	-	-	-
ii)	On purpose other than (i) above	3,127.96	-	3,127.96	3,362.57	-	3,362.57

In addition to amount spent as per point (b) above, the Company has also spent Rs.12.25 lakhs as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013 and considering this salary cost, the total amount spent by the Company during the year stood at Rs. 3,140.21 lakhs.

44 During the previous year, the Company had made a contribution of Rs.160.00 lakhs to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. However, there were no such contribution made during the current year.

45 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

46 RELATED PARTY DISCLOSURES:

i) As per Accounting Standard (AS) 18 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Fellow Subsidiaries / Associate Companies:** (entities with whom the Company has transactions)	2 x 2 Logistics Private Limited
		Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Tech Mahindra Limited
		Bristlecone India Limited
		Mahindra Heavy Engines Limited
		Orizonte Business Solutions Limited
		Gromax Agri Equipment Limited
c)	**Key Management Personnel:**	Mr. Ramesh Iyer
d)	**Relatives of Key Management Personnel** (where there are transactions)	Ms. Janaki Iyer
		Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Holding Company		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan income								
- 2 x 2 Logistics Private Limited	-	-	86.34	222.03	-	-	-	-
- Mahindra Retail Private Limited	-	-	-	0.46	-	-	-	-
Subvention / Disposal loss income								
- Mahindra & Mahindra Limited	6,771.00	3,786.03	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	1.51	-	-	-	-	-
Interest income								
- NBS International Limited	-	-	0.97	3.91	-	-	-	-
Interest expense								
- Mahindra & Mahindra Limited	1,273.57	1,638.56	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	1,162.07	190.68	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	4.78	4.85	-	-
- Others	-	-	-	-	-	-	14.56	14.39
Other expenses								
- Mahindra & Mahindra Limited	2,839.74	2,666.92	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	980.63	1,056.10	-	-	-	-
- Tech Mahindra Limited	-	-	-	96.26	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	109.52	79.11	-	-	-	-
- Mahindra USA, Inc	-	-	178.38	184.15	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	448.29	102.55	-	-	-	-
- Others	-	-	107.75	185.99	-	-	-	-
Remuneration								
- Mr Ramesh Iyer	-	-	-	-	596.79	674.59	-	-
Purchase of fixed assets								
- Mahindra & Mahindra Limited	313.09	281.52	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	67.90	-	-	-	-	-
- NBS International Limited	-	-	20.71	14.25	-	-	-	-
Sale of fixed assets								
- Mahindra & Mahindra Limited	21.14	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	49.55	-	-	-	-	-
Investments made								
- Orizonte Business Solutions Limited	-	-	700.00	-	-	-	-	-
Fixed deposits taken								
- Mr Ramesh Iyer	-	-	-	-	61.48	17.07	-	-
- Others	-	-	-	-	-	-	193.61	1.00

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

Particulars	Holding Company		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fixed deposits matured								
- Mr Ramesh Iyer	-	-	-	-	55.01	-	-	-
- Others	-	-	-	-	-	-	180.74	-
Dividend paid								
- Mahindra & Mahindra Limited	6,988.98	11,648.31	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	17.84	25.46	-	-
Inter corporate deposits taken								
- Mahindra & Mahindra Limited	45,000.00	50,000.00	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	10,000.00	30,000.00	-	-	-	-
Inter corporate deposits repaid / matured								
- Mahindra & Mahindra Limited	25,000.00	55,000.00	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	30,000.00	-	-	-	-	-
Issue of Share Capital								
- Mahindra & Mahindra Limited	1,05,500.00	-	-	-	-	-	-	-
Balances as at the end of the period								
Receivables								
- Mahindra & Mahindra Limited	1,451.26	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	78.07	-	-	-	-
Loan given (including interest accrued but not due)								
- 2 x 2 Logistics Private Limited	-	-	-	2,114.46	-	-	-	-
- Mahindra Construction Co. Ltd.	-	-	-	334.33	-	-	-	-
Inter corporate deposits given (including interest accrued but not due)								
- Mahindra Construction Co. Ltd.	-	-	-	113.38	-	-	-	-
Investments								
- Orizonte Business Solutions Limited	-	-	700.00	-	-	-	-	-
Payables								
- Mahindra & Mahindra Limited	-	1,081.85	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	339.52	283.38	-	-	-	-
- Tech Mahindra Limited	-	-	-	96.26	-	-	-	-
- Mahindra USA, Inc	-	-	192.38	-	-	-	-	-
- Others	-	-	75.00	26.66	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)								
- Mahindra & Mahindra Limited	45,580.58	25,260.01	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	10,375.48	30,171.61	-	-	-	-
Fixed deposits (including interest accrued but not due)								
- Mr Ramesh Iyer	-	-	-	-	63.30	57.72	-	-
- Others	-	-	-	-	-	-	201.03	187.87

Key Management Personnel as defined in Accounting Standard 18

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

iii) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2018

Rs. in lakhs

Particulars	Balance as on 1 April 2017	Advances / investments	Repayments/ sale	Balance as on 31 March 2018
(A) Loans and advances				
2 x 2 Logistics Pvt Ltd	2,114.46	-	2,114.46	-
	2,114.46	**-**	**2,114.46**	**-**
(B) Investments				
Orizonte Business Solutions Limited	-	700.00	-	700.00
	-	**700.00**	**-**	**700.00**
Total	**2,114.46**	**700.00**	**2,114.46**	**700.00**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

As at 31 March 2017

Rs. in lakhs

Particulars	Balance as on 1 April 2016	Advances / investments	Repayments/ sale	Balance as on 31 March 2017
(A) Loans and advances				
Mahindra Retail Pvt Ltd	4.90	0.00	4.90	0.00
2 x 2 Logistics Pvt Ltd	1865.14	674.00	424.68	2114.46
Total	**1,870.04**	**674.00**	**429.58**	**2,114.46**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

47 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
i) Contingent liabilities		
a) Claims against the Company not acknowledged as debts	15,080.71	15,868.83
b) Guarantees	23,249.37	21,037.84
	38,330.08	**36,906.67**
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	1,032.26	716.72
Other commitments - (loan sanctioned but not disbursed)	87,026.20	27,585.74
	88,058.46	**28,302.46**
Total	**1,26,388.54**	**65,209.13**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

48 SECURED LONG-TERM BORROWINGS:

i) Secured non-convertible debentures

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	8.27% - 9.00%	1,86,500.00	-	1,86,500.00
Maturing between 3 years to 5 years	7.50% - 8.95%	84,700.00	-	84,700.00
Maturing between 1 year to 3 years	7.29% - 9.45%	9,66,210.00	-	9,66,210.00
Maturing within 1 year	7.53% - 10.25%	-	5,11,550.00	5,11,550.00
Total at face value		**12,37,410.00**	**5,11,550.00**	**17,48,960.00**
Less: Unamortised discounting charges		**8,721.54**	**337.59**	**9,059.13**
Total redemption value, net of unamortized discounting charges		**12,28,688.46**	**5,11,212.41**	**17,39,900.87**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	8.30% - 9.00%	1,90,200.00	-	1,90,200.00
Maturing between 3 years to 5 years	7.50% - 8.82%	1,54,130.00	-	1,54,130.00
Maturing between 1 year to 3 years	7.43% - 10.25%	8,79,350.00	-	8,79,350.00
Maturing within 1 year	7.38% - 9.45%	-	2,43,380.00	2,43,380.00
Total at face value		**12,23,680.00**	**2,43,380.00**	**14,67,060.00**
Less: Unamortised discounting charges		7,413.27	1,617.47	9,030.74
Total redemption value, net of unamortized discounting charges		**12,16,266.73**	**2,41,762.53**	**14,58,029.26**

ii) Secured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities of long term debt	Total
Repayable on maturity :				
1) Repayable on maturity :				
Maturing between 3 years to 5 years	7.90% - 8.75%	40,000.00	-	40,000.00
Maturing between 1 year to 3 years	7.85% -8.75%	1,17,500.00	-	1,17,500.00
Maturing within 1 year	8.00% - 8.45%	-	50,000.00	50,000.00
Total for repayable on maturity		**1,57,500.00**	**50,000.00**	**2,07,500.00**
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	7.85%	10,000.00	-	10,000.00
		10,000.00	**-**	**10,000.00**
ii) Quarterly -				
Maturing between 3 years to 5 years	7.90% - 8.35%	55,952.38	-	55,952.38
Maturing between 1 year to 3 years	7.90% - 8.35%	1,22,162.70	-	1,22,162.70
Maturing within 1 year	8.10% - 8.35%	-	86,071.43	86,071.43
Total		**1,78,115.08**	**86,071.43**	**2,64,186.51**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities of long term debt	Total
iii) Half yearly -				
Maturing beyond 3 years to 5 years	8.15% - 8.45%	1,18,333.33	-	1,18,333.33
Maturing between 1 year to 3 years	7.45% - 8.45%	2,35,000.00	-	2,35,000.00
Maturing within 1 year	7.45% - 8.50%	-	43,333.34	43,333.34
Total		**3,53,333.33**	**43,333.34**	**3,96,666.67**
iv) Yearly -				
Maturing between 3 years to 5 years	7.90% - 8.45%	79,650.00	-	79,650.00
Maturing between 1 year to 3 years	7.90% - 9.34%	1,86,866.67	-	1,86,866.67
Maturing within 1 year	8.05% - 9.34%	-	1,33,967.33	1,33,967.33
Total		**2,66,516.67**	**1,33,967.33**	**4,00,484.00**
Total for repayable in installments		**8,07,965.08**	**2,63,372.10**	**10,71,337.18**
TOTAL (1+2)		**9,65,465.08**	**3,13,372.10**	**12,78,837.18**

As at 31 March 2017

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities of long term debt	Total
Repayable on maturity :				
1) Repayable on maturity :				
Maturing between 3 years to 5 years	8.40% - 8.75%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	8.05% - 9.70%	1,04,000.00	-	1,04,000.00
Maturing within 1 year	8.55% - 9.70%	-	80,000.00	80,000.00
Total for repayable on maturity		**1,29,000.00**	**80,000.00**	**2,09,000.00**
2) Repayable in installments :				
i) Quarterly -				
Maturing between 3 years to 5 years	8.15% - 8.90%	18,055.56	-	18,055.56
Maturing between 1 year to 3 years	8.15% - 9.35%	84,464.28	-	84,464.28
Maturing within 1 year	8.15% - 9.65%	-	89,774.44	89,774.44
Total		**1,02,519.84**	**89,774.44**	**1,92,294.28**
ii) Half yearly -				
Maturing beyond 3 years to 5 years	8.30% - 9.05%	31,666.67	-	31,666.67
Maturing between 1 year to 3 years	8.30% - 9.70%	1,27,666.66	-	1,27,666.66
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**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

iii) Secured term loans from others

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	8.80%	378.00	-	378.00
Maturing between 1 year to 3 years	7.95% - 9.05%	3,637.20	-	3,637.20
Maturing within 1 year	7.95% - 9.05%	-	3,635.99	3,635.99
Total		**4,015.20**	**3,635.99**	**7,651.19**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing between 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		**8,394.19**	**5,311.81**	**13,706.00**

iv) Foreign currency loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 0.86% - 1.92% and fixed rate of 3.31%	59,616.55	-	59,616.55
Maturing within 1 year	LIBOR plus spread 2.00% - 2.20%	-	47,602.92	47,602.92
Total		**59,616.55**	**47,602.92**	**1,07,219.47**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% - 2.20%	47,460.87	-	47,460.87
Maturing within 1 year	LIBOR plus spread 1.07% - 2.20%	-	52,099.08	52,099.08
Total		**47,460.87**	**52,099.08**	**99,559.95**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

v) Foreign currency loans from others

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	1.99% - 4.22%	4,861.59	-	4,861.59
Maturing between 3 years to 5 years	1.99% - 4.22%	34,147.62	-	34,147.62
Maturing between 1 year to 3 years	1.99% - 4.22%	83,363.38	-	83,363.38
Maturing within 1 year	1.99% - 4.22%	-	67,913.17	67,913.17
Total		**1,22,372.59**	**67,913.17**	**1,90,285.76**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing 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**

49 UNSECURED BORROWINGS:

i) Subordinated debts (long-term)

As at 31 March 2018

A) Issued on private placement basis:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	8.40% - 9.70%	74,780.00	-	74,780.00
Maturing between 3 years to 5 years	9.80% - 10.50%	17,050.00	-	17,050.00
Maturing between 1 year to 3 years	9.50% - 10.02%	41,720.00	-	41,720.00
Maturing within 1 year	11.75%	-	980.00	980.00
Sub-total		**1,33,550.00**	**980.00**	**1,34,530.00**

B) Issued to retail investors through public issue:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	7.75% - 9.00%	2,09,587.35	-	2,09,587.35
Maturing between 3 years to 5 years	8.34% - 8.70%	5,465.78	-	5,465.78
Sub-total		**2,15,053.13**	**-**	**2,15,053.13**
Total		**3,48,603.13**	**980.00**	**3,49,583.13**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

As at 31 March 2017

A) Issued on private placement basis:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	8.90% - 10.15%	72,280.00	-	72,280.00
Maturing between 3 years to 5 years	9.50% - 10.50%	37,270.00	-	37,270.00
Maturing between 1 year to 3 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing within 1 year	10.50% - 12.00%	-	6,880.00	6,880.00
Sub-total		**1,25,030.00**	**6,880.00**	**1,31,910.00**

B) Issued to retail investors through public issue:

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturities of long term debt	Total
Repayable on maturity :				
Maturing beyond 5 years	8.44% - 9.00%	94,534.22	-	94,534.22
Maturing between 3 years to 5 years	8.34% - 8.70%	5,465.78	-	5,465.78
Sub-total		**1,00,000.00**	**-**	**1,00,000.00**
Total (A+B)		**2,25,030.00**	**6,880.00**	**2,31,910.00**

ii) Unsecured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity :				
Maturing within 1 year	7.76%	10,000.00	-	10,000.00
Sub-total		**10,000.00**	**-**	**10,000.00**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity :				
Maturing within 1 year	7.50% - 8.00%	7,400.00	-	7,400.00
Sub-total		**7,400.00**	**-**	**7,400.00**

iii) Inter-corporate deposits (ICDs)

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Long-term				
	Rate range	(a) Short-term	(b) Non-current	(c) Current Maturities of long term debt	Total
Repayable on maturity :					
Maturing within 1 year -	6.50% - 8.65%	60,000.00	-	-	60,000.00
Sub-total		**60,000.00**	**-**	**-**	**60,000.00**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Long-term			
		(a) Short-term	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :					
Maturing within 1 year	7.60% - 9.80%	65,000.00	-	-	65,000.00
Total		**65,000.00**	-	-	**65,000.00**

iv) Fixed deposits

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Long-term			
		(a) Short-term	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :					
Maturing between 3 years to 5 years	7.35% - 8.80%	-	24,058.99	-	24,058.99
Maturing between 1 year to 3 years	7.30% - 10.10%	-	1,36,677.52	-	1,36,677.52
Maturing within 1 year	7.30% - 10.10%	26,106.58	-	1,19,619.04	1,45,725.62
Total		**26,106.58**	**1,60,736.51**	**1,19,619.04**	**3,06,462.13**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Long-term			
		(a) Short-term	(a) Non-current	Current maturities of long term debt	Total
Repayable on maturity :					
Maturing between 3 years to 5 years	7.35% - 10.10%	-	31,748.40	-	31,748.40
Maturing between 1 year to 3 years	7.30% - 10.10%	-	1,87,545.45	-	1,87,545.45
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**	**4,26,356.14**

50 SHORT-TERM BORROWINGS

i) Term loans from banks and cash credit facilities (Secured)

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90% - 10.25%	1,14,285.08
Total		**1,14,285.08**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90%-12.35%	1,59,119.35
Total		**1,59,119.35**

ii) Secured term loans from banks

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	2.28%	1,09,429.15
Total		**1,09,429.15**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	1.41%	80,431.74
Total		**80,431.74**

iii) Commercial papers

As at 31 March 2018

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	7.20% - 7.90%	**4,63,500.00**
Total at face value		**4,63,500.00**
Less: Unamortised discounting charges		**6,133.57**
Total redemption value, net of unamortized discounting charges		**4,57,366.43**

As at 31 March 2017

Rs. in lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	6.65% - 7.60%	3,85,500.00
Total at face value		3,85,500.00
Less: Unamortised discounting charges		**7,698.08**
Total redemption value, net of unamortized discounting charges		**3,77,801.92**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

51 SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17

Primary segment (Business Segment)

The Company's business is organised and management reviews the performance based on the businesss segments as mentioned below:

Segment	Activities covered
Financing activities	Financing and leasing of automobiles, tractors, commercial vehicles and housing
Other reconciling items	Insurance broking, asset management services and trusteeship services

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Accounting Standard - 17 on Segment Reporting:

Rs. in lakhs

Particulars	Year ended 31st March 2018			Year ended 31st March 2017		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	8,40,954.88	21,468.51	8,62,423.39	7,06,753.70	13,311.38	7,20,065.08
Inter Segment Revenue	3,909.52	5,391.09	9,300.61	2,158.57	4,992.17	7,150.74
Total Revenue	8,44,864.40	26,859.60	8,71,724.00	7,08,912.27	18,303.55	7,27,215.82
Segment Results (Profit before tax and after interest on Financing Segment)	1,61,866.41	4,307.24	1,66,173.65	77,670.60	6,104.85	83,775.45
Less: Interest on Unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	1,61,866.41	4,307.24	1,66,173.65	77,670.60	6,104.85	83,775.45
Less: Income taxes	-	-	61,030.27	-	-	30,805.47
Net profit	-	-	1,05,143.38	-	-	52,969.98

Rs. in lakhs

Particulars	Year ended 31st March 2018			Year ended 31st March 2017		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
Segment Assets	62,41,151.86	9,137.62	62,50,289.48	52,24,015.72	5,166.72	52,29,182.44
Unallocated corporate assets			1,03,557.32			93,109.88
Total Assets	62,41,151.86	9,137.62	63,53,846.80	52,24,015.72	5,166.72	53,22,292.32
Segment Liabilities	53,39,668.99	8,272.56	53,47,941.55	46,13,600.33	2,696.33	46,16,296.66
Unallocated corporate liabilities			-			-
Total Liabilities	53,39,668.99	8,272.56	53,47,941.55	46,13,600.33	2,696.33	46,16,296.66
Capital Expenditure	6,927.18	561.19	7,488.37	5,538.06	377.00	5,915.06
Depreciation / Amortisation	5,203.16	317.98	5,521.14	5,130.18	242.14	5,372.32
Non cash expenditure other than depreciation	24,995.46	83.98	25,079.44	53,593.42	123.15	53,716.57

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

52 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	93.50%	9,40,488.94	81.91%	86,121.61
Subsidiaries				
Indian				
1. Mahindra Insurance Brokers Limited	1.90%	19,092.95	4.07%	4,282.65
2. Mahindra Rural Housing Finance Limited	2.78%	27,970.92	12.10%	12,727.64
3. Mahindra Asset Management Company Limited	-0.66%	-6,677.76	-3.62%	-3,809.74
4. Mahindra Trustee Company Private Limited	0.00%	-27.46	0.00%	0.35
Foreign	-	-	-	-
Minority Interests in all Subsidiaries	1.43%	14,384.32	2.62%	2,752.25
Associates				
Indian	-	-	-	-
Foreign	-	-	-	-
Joint Ventures (as per proportionate consolidation / investment as per the equity method				
Indian	-	-	-	-
Foreign				
1. Mahindra Finance USA, LLC	1.06%	10,673.34	2.92%	3,068.62
Total	**100.00%**	**10,05,905.25**	**100.00%**	**1,05,143.38**

53 MICRO AND SMALL ENTERPRISES

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
a)	Principal amount due and remaining unpaid to suppliers as at the year end	-	-
b)	Interest accrued and due to suppliers on the above amount as at the year end	-	-
c)	Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e)	Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f)	Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g)	Interest accrued and remaining unpaid at the year end	-	-
h)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
		-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

54 The disclosures regarding details of Specified Bank Notes (SBNs) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding disclosure as required under notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been reproduced here below:

Rs. in lakhs

	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	3,727.31	313.70	4,041.01
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

55 Previous year figures have been regrouped / reclassified, wherever found necessary, to conform to current year classification.

Signatures to significant accounting policies and notes to the financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman &
Managing Director
[DIN: 00220759]

M. G. Bhide
Director
[DIN: 00001826]

Piyush Mankad
Director
[DIN: 00005001]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

V. S. Parthasarathy
Director
[DIN: 00125299]

Dr. Anish Shah
Director
[DIN: 02719429]

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

ANNEXURE A

Form AOC-1

(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

Sl. No.	Particulars	1	2	3	4
1	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra Asset Management Company Pvt. Ltd.	Mahindra Trustee Company Pvt. Ltd.
2	Reporting period for the subsidiary concerned	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
4	Share Capital	257.73	10,813.22	12,000.00	50.00
5	Reserves & Surplus	31,293.41	62,590.36	(6,308.39)	(27.46)
6	Total Assets	39,675.92	6,35,796.02	6,803.87	24.32
7	Total Liabilities	39,675.92	6,35,796.02	6,803.87	24.32
8	Investments	-	-	5,331.19	13.78
9	Turnover	24,513.39	1,00,001.81	2,336.71	24.60
10	Profit before taxation	8,116.63	22,459.12	(3,809.74)	0.35
11	Provision for taxation	2,899.97	7,913.24	-	-
12	Profit after taxation	5,216.66	14,545.88	(3,809.74)	0.35
13	Proposed dividend & tax thereon	559.28	2,216.19	-	-
14	% of shareholding	80.00	89.00	100.00	100.00

For Mahindra & Mahindra Financial Services Limited

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 Pardiwalla
Company Secretary

Place : Mumbai
Date : 25 April 2018

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 Associate/Joint Ventures		Mahindra Finance USA, LLC
1.	Latest Audited Balance Sheet Date	March 31, 2018
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	3,41,43,348
	Amount of Investment in Associates/Joint Venture (Rs in Lakhs)	20,091.60
	Extend 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)	32,839.20
6.	Profit/Loss for the year	
	i. Considered in Consolidation (Rs in Lakhs)	3,068.62
	ii. Not Considered in Consolidation (Rs in Lakhs)	3,193.88

For Mahindra & Mahindra Financial Services Limited

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 Pardiwalla** Company Secretary	

Place : Mumbai
Date : 25 April 2018

Notes

Notes

Mahindra FINANCE

Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G.M. Bhosale Marg,
P. K. Kurne Chowk, Worli, Mumbai - 400 018
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